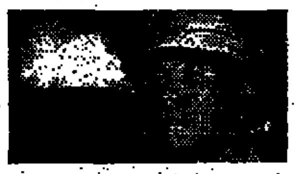
Guangdong
China's buzzing economic experiment
Page 19



Japanese steel
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Computer industry
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FINANCIAL TIMES

Tuesday April 7 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

Yeltsin narrowly survives motion of no confidence

Russian president Boris Yeltsin narrowly defeated a parliamentary motion of no confidence in his government. But his opponents demonstrated a new determination to try to force their demands on to the political and economic agendas.

The first day of the Russian Congress of People's Deputies showed that Mr Yeltsin faces strong oppostion among deputies and leaves Russia's economic reform process hanging in the balance. *Page 20*; Russian forces, Page 2

Poll points to Kinnock victory
Labour leader Neil Kinnock looked set to emerge from Thursday's UK general election as the leader of the largest party in a hung parliament after the most comprehensive opinion poll of the campaign gave his party a 2.5 point lead. Page 20; UK elections, Pages 8-10; Recovery, Page 12

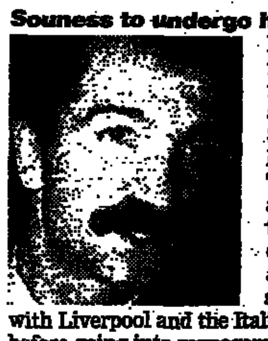
Fighting intensifies in Bosnia
Serb guerrillas fought street battles and artillery duels with units loyal to Moslem and Croat leaders *in the streets of Sa*rajevo, capital of the Yugoslav republic of Bosnia-Hercegovina. Page 20; EC recognises Bosnia, Page 2

Devaluation averted: Finland avoided a devaluation of its currency after announcing an emergency economic package and winning pledges of support from the Bundesbank and Nordic central banks. Page 20

Commerzbank, Germany's third largest bank, is planning to hold two large capital-raising issues later this year or early next year. Page 21; Dresdner *Bank defends ties with Allianz*, Page 21

EC to end embargo: European Community foreign ministers agreed to scrap the EC oil embargo against South Africa and formally lifted sanctions on sporting and cultural contacts. Page 4

Souness to undergo heart surgery:



Liverpool football club manager Graeme Souness, 38, went into a private hospital near Stockport for a triple heart bypass operation. The four-hour operation and subsequent recuperation will keep Souness out of football until July. Souness saw success as a player with Liverpool and the Italian club Sampdoria before going into management with Glasgow Rangers in 1986.

JVC faces probe: Japan's Fair Trade Commission is investigating JVC, the electronics group, for possible violation of anti-trust laws in a case which raises serious questions about business practices in Japan. Page 5

London bomb attack: A suspected IRA bomb rocked the heart of London's West End, shattering windows in nearby buildings. No one was hurt. Police said the device contained less than 1lb of high explosive.

Oil prices gain on tension: Oil prices rose following Iraqi claims at the weekend that it had shot down an Iranian warplane. North Sea Brent oil for May delivery was up 30 cents at $18.85. Page 30

Farmers in protest: Up to 30,000 French and German farmers protesting against proposed EC agriculture reforms clashed with riot police after trying to storm the European parliament and US consulate in Strasbourg.

Poll setback: Greece's conservative government was shaken by a 35 per cent swing to the opposition Panhellenic Socialist Movement in an Athens by-election. Page 3

Car sales gloom: UK new car sales fell by 16.2 per cent in March dispelling hopes that last month's favourable Budget would bring an end to the 2½ year recession. Page 12

Pensions saved: *Current* and future management of Mirror Group Newspapers will repay out of profits the money plundered from the company's pension funds by the late Robert Maxwell. Page 22

Whitbread, the UK brewer and retailer, said its 1991-92 after-tax profits would be reduced by £25m because of "abnormally high" charges for bad debts among its loans to recession-hit pubs. Page 21; Lex, Page 20

Profit forecasts cut: Stock market analysts *have again* cut their profits forecasts for 1992 for companies in the seven leading economies, according to New York based IBES research service. Page 21

Sci-fi writer dies: Isaac Asimov, prolific writer of science fiction and fact, died aged 72 at New York University *Medical Centre*. Russian-born Asimov wrote more than 500 books in a career spanning 50 years. Page 17

■ US LUNCHTIME RATES		
Federal Funds	3¾%	
3-mo Treas Bills: Yld	4.033%	
Long Bond	101[illegible]	
Yield	7.876%	
■ LONDON MONEY		
3-mo Interbank	11%	(11⅛%)
Liffe long gilt future:	Jun 93[illegible]	(Jun 93[illegible])
■ STOCK INDICES		
FT-SE 100:	2,400.9	(+18.2)
Yield	5.07	
FT-SE Eurotrack 100	1,155.58	(+10.98)
FT-A All Share	1,148.96	(+0.6%)
Nikkei	18,438.37	(−123.34)
New York lunchtime		
Dow Jones Ind Ave	3,282.3	(+13.19)
S&P Composite	404.12	(+2.57)
■ NORTH SEA OIL (Argus)		
Brent 15-day	$18.95	(18.575)
■ Gold		
New York Comex	$340.4	(341.00)
London	$339.5	(341.15)

■ STERLING		
New York lunchtime:		
$	1.7490	
London:		
$	1.7505	(1.7435)
DM	2.8375	(2.835)
FFr	9.61	(same)
SFr	2.595	(2.6025)
Y	232.25	(232.5)
£ Index	90.0	(same)
■ DOLLAR		
New York lunchtime:		
DM	1.6245	
FFr	5.501	
SFr	1.492	
Y	132.75	
London:		
DM	1.621	(1.6265)
FFr	5.49	(5.5125)
SFr	1.4885	(1.492)
Y	132.85	(133.4)
$ Index	64.3	(64.7)
Tokyo close Y 133.4		

Austria	Sch30	Hungary	Ft1E2	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1,000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3600	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	L£1,350	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

Christian Democrat domination broken by general election protest vote

Italian coalition overthrown

By Robert Graham in Rome

THE 46-year Christian Democrat domination of Italian politics was broken yesterday by a strong protest vote in the country's first general elections since the war without a powerful communist party in opposition.

Computer projections indicated that the Christian Democrat vote had fallen for the first time below 30 per cent. With poor showings from their partners, the Socialists, the Liberals (PLI) and Social Democrats (PSDI), the projections showed the outgoing four-party coalition had won only 48 per cent of the vote in the chamber of deputies – *insufficient* to be able to form a new government.

Before the elections this coalition had been confident of winning at least 50 per cent of the vote and had informally arranged for Mr Bettino Craxi, the Socialist leader, to become the next premier.

Mr Arnaldo Forlani, the Christian Democrat party secretary, described the result early on as "the opening of a new unwritten chapter in a book".

He claimed the electorate had rejected the four-party coalition's election campaign calling for a stable government and as a result the country faced a period of great uncertainty. He indicated that he might resign, assuming full responsibility for the party's failure to convince voters.

Commentators predicted a complex period of political horse-trading as the parties assessed the increased fragmentation of the political system and the change in the balance of power.

The fragmentation of the vote was underlined by six parties each with between 5 and 17 per cent of the vote, with only the Christian Democrats above 20 per cent. Virtually every combination of political groupings in government has now been in play.

For the chamber of deputies, the Christian Democrats were being given 29.1 per cent last night, a drop of 5 percentage points, while the Socialists appeared to have dropped over 1 point to 18.2 per cent. But with 50 groupings contesting these elections for Italy's 11th legislature, even swings of 1 percentage point have a significant impact.

The main beneficiary from the protest vote was the populist Lombard League which nationwide appeared likely to pick up over 9 per cent of the vote, while in the north the party headed by Mr Umberto Bossi gained almost 20 per cent. Campaigning on a platform of northern disaffection with corrupt incompetent government run from a distant Rome, the League result represented a major triumph for *Mr* Bossi.

But the Socialists traditionally strong in the north, especially in Milan, also lost ground as a result of a corruption scandal involving a prominent member of the party.

The swing against the governing coalition was not solely confined to the north. The Christian Democrats also lost out in their traditional stronghold of the south to the reformist movement, La Rete (The Network). At the same time, the former communist vote remained surprisingly loyal – split between the Party of the Democratic Left (PDS) and the hardline Reconstructed Communism.

Mr Achille Occhetto, the PDS leader, was last night jubilant over the result, maintaining that the prime strategy of the left had been to prevent a return of the outgoing government. The PDS with 17 per cent of the vote projected, inherits the mantle of the communists by remaining the second largest party while its hardline brother party got nearly 6 per cent.

Mr Giorgio La Malfa, head of the small Republican party, whose vote rose to nearly 5 per cent, could also be an important intermediary.

Italians ignore warning, Page 2
World stockmarkets, Back Page, Section II

German parties collaborate after far right gains

By Christopher Parkes in Bonn

GERMANY'S mainstream parties, shocked by far-right gains in weekend elections, yesterday prepared to collaborate in a bid to restore their credibility. They also want to break the deadlock over legal reforms and efforts to revive the economy of the former East Germany.

Chancellor Helmut Kohl invited the opposition Social Democrats (SPD) *to* talks after Easter to discuss federal finances and changes to political asylum laws. Mr Björn Engholm, the socialist chairman, called for a "national commonsense pact".

Both leaders were snubbed by the electorate in Sunday's polls. The far-right Deutsche Volksunion (DVU) won six state parliament seats in Schleswig-Holstein, where Mr Engholm is prime minister, cutting his majority to one.

In Baden-Württemberg, a Christian Democrat stronghold for 20 years, the extremist Republicans took 15 seats, robbing Mr Kohl's party of control of its last west German state.

Ruling out any question of power-sharing, Mr Kohl stressed that he wanted to discuss the issues with socialist leaders from federal, state and local parties. His main concerns are the need to stiffen liberal asylum laws, and to persuade the mainly socialist state governments to increase their contributions to supporting eastern Germany.

More than 250,000 asylum seekers entered Germany last year, and 35,000 arrived last month alone. At present the federal budget bears virtually all the costs of propping up the eastern economy. Transfers from Bonn this year are expected to exceed DM180bn ($109bn).

Mr Engholm was less specific, and claimed that one party could not handle all the problems the country faced.

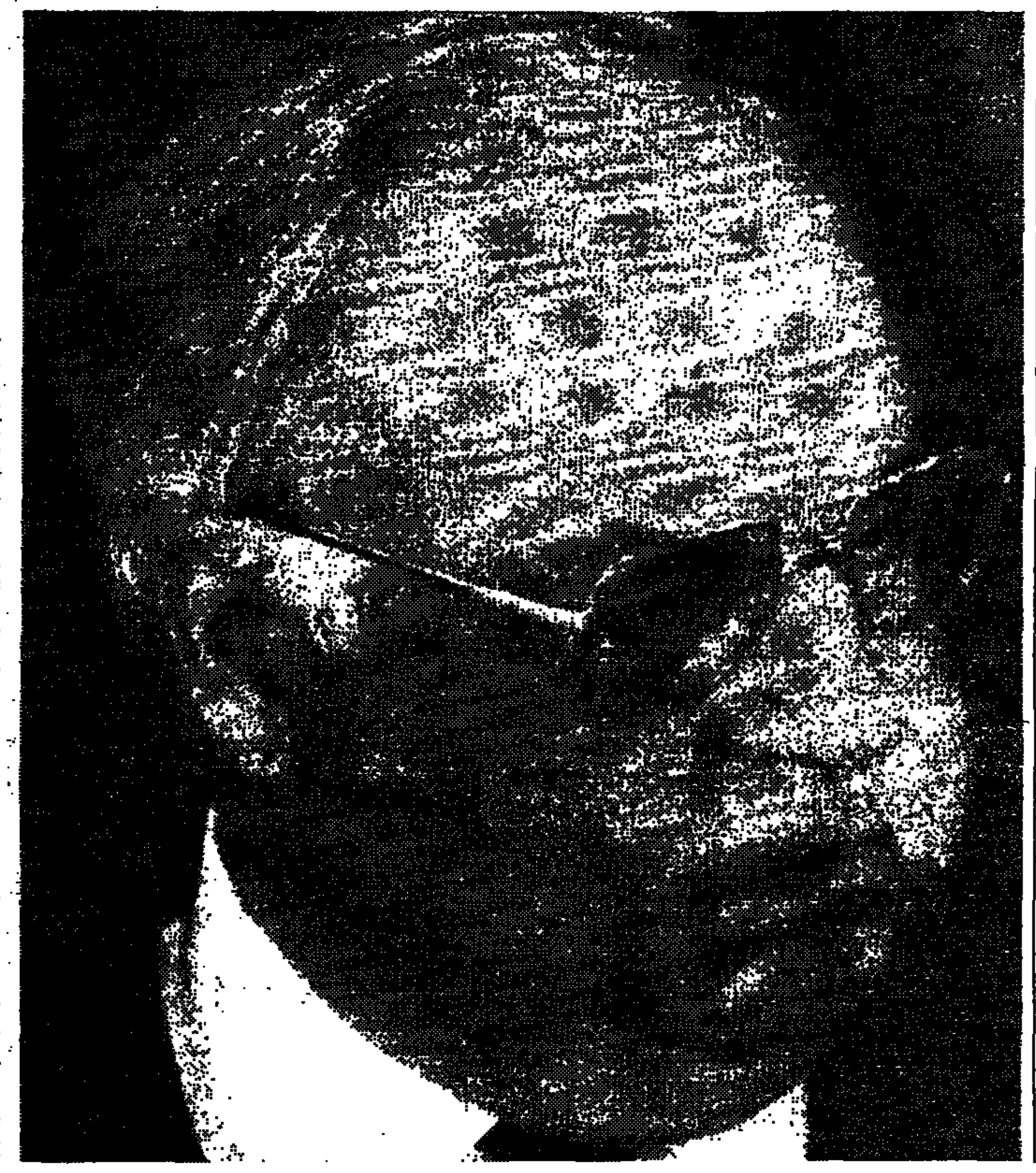
"When you see the problems we have in Germany – DM1,500bn in debt, housing shortages and long-term difficulties building up east Germany – it is not easy to solve," he said.

According to Mr Kohl, the constitution must change changed to control the influx of asylum-seekers – a move firmly resisted by the SPD and the chancellor's FDP liberal allies in the coalition.

The jubilant Republicans and DVU, which had canvassed almost exclusively on the asylum issue, linking it with economic concerns over housing, unemployment and crime, went to ground yesterday. The DVU, reckoned to be the more extreme of the two, now has seats in 13 of Germany's 16 state parliaments.

Polling analyses showed that they had attracted votes from both main parties, particularly among young, working-class men living in large towns and cities.

The right creeps in, Page 18



Bit of a blow: Helmut Kohl (above) prepares to meet fellow Christian Democrat party leaders following yesterday's state elections

US reviews Peru aid as army backs crackdown by Fujimori

By Sally Bowen in London

PRESIDENT Alberto Fujimori has dissolved Peru's Congress and suspended the constitution with the backing of the country's joint chiefs of staff.

Although *initial reports from* Lima yesterday said his move late on Sunday night appeared to have won broad popular backing, it strengthened longstanding fears among members of Congress and political analysts that Mr Fujimori intends to install a civilian-military dictatorship.

Coming only weeks after a failed coup attempt in Venezuela, it also fuels doubts over the strength of democracy in Latin America.

Troops were sent to guard radio stations and newspapers, and tanks patrolled the streets of Lima. Mr Fujimori ordered the detention of leading opposition politicians, including Mr Alan Garcia, the former president, who was reported to have evaded arrest as a result of a tip-off.

The suspension of the constitution brought broad international condemnation yesterday. The White House said it was "a regrettable step backwards" for democracy. US aid to Peru had been placed under review.

Continued on Page 20

Portugal intervenes to keep escudo below ERM ceiling

By Patrick Blum in Lisbon and Peter Marsh in London

PORTUGAL yesterday cut its two key interest rates and sold escudos on currency markets to ensure that the Portuguese unit did not hit its ceiling in its first day of trading on the European exchange rate mechanism (ERM).

The Bank of Portugal, in a move aimed at reducing the attraction of escudos for foreign investors, cut its top intervention rate – at which it injects liquid*ity into* the money market – by 1 percentage point, to 17.9375 per cent.

The escudo is heavily in demand from investors because of Portugal's high interest rates.

As well as selling escudos for pounds and D-Marks, the bank shaved to 15.375 per cent the rate at which it drains cash from the market, a cut of a quarter of a percentage point.

These actions had their desired effect of pushing the escudo to a close of 85.86 against the D-Mark. This was higher than the central ERM rate of 86.94, but lower than the rate earlier in the day when the escudo had been pushed to 85.57 against the German unit.

The move by the Bank of Portugal also helped to lift pressure on sterling in the tense period before the UK general election on Thursday.

Yesterday, sterling gained a quarter of a pfennig against a slightly stronger D-Mark, closing in London at DM2.8375. At this level it is more than 5 pfennigs above its ERM floor of about *DM2.78. Last* week the pound, the system's weakest member, had come under pressure amid nervousness about a possible change of UK government.

The escudo, like the pound and the Spanish peseta, trades in a wide, 6 per cent ERM band. Even though the Portuguese unit is generally thinly traded, an increase in value to near its upper limit could jeopardise sterling's position.

Portugal's interest rate cuts – and the expectation of further reductions – will go some way towards meeting criticisms from Portuguese industry that growth prospects are being hit by the high cost of borrowing.

The cuts are likely to be considered by some sections of Portuguese business as insufficient to compensate for the loss of competitiveness resulting from *the escudo's high value*.

Mr Anibal Cavaco Silva, the prime minister, said future interest rate movements would depend on the market, adding that they were likely to fall "some percentage points in the course of the year".

The escudo's entry into the ERM, agreed over the weekend, means that all the European Community currencies, except *the Greek drachma, participate* in the system.

Publico, a Portuguese daily newspaper, said participation in the ERM would help bring some rationality into the economy. In an editorial, it *said that* participation "takes away the escape valve of devaluation [as a compensation] for the mistakes of managers, entrepreneurs, trade unionists and governments".

Mr Luis Nogueira, an analyst at Finantia, the merchant bank, said: "Until now, bringing down inflation was a goal. Now there is no question that it has to be brought under control."

● The escudo joins the FT's table of EMS currencies from today. The table, published daily, includes Ecu central rates, each currency's spread against the weakest currency, and EMS divergence indicators.

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CONTENTS

EC to recognise Bosnia and lift Serbia sanctions

By David Buchan in Luxembourg

THE European Community yesterday decided to recognise Bosnia's independence and conditionally ended trade sanctions against Serbia, in a twin move designed to underline even-handed EC mediation.

The Twelve will delay until today their diplomatic recognition of Bosnia, so that the US can join in the move. Washington is also now likely to recognise Croatia and Slovenia, as the EC did in mid-January.

Mr Joao de Deus Pinheiro, foreign minister of Portugal which holds the EC presidency, reported a consensus among his EC counterparts that "we should not give arguments (by withholding recognition) to radicals who are against independence".

He was largely referring to the Serb third of Bosnia's 4.5m population who boycotted last month's referendum, in which a very large majority among Bosnia's Moslems and Croats voted for independence.

Recognising Bosnia should, on balance, reduce the scope for interference from neighbouring Serbia and pacify majority Moslem-Croat sentiment in the violence-torn republic, EC ministers hope.

At the same time, the Twelve reached a classic compromise on Serbian sanctions. Mr Pinheiro said the Belgrade government of President Slobodan Milosevic had proved "much more constructive" towards EC-sponsored peace efforts recently. The EC will therefore restore to Serbia the EC tariff and quota preferences which the five other republics got back at the turn of this year, as France and Greece, Belgrade's main sympathisers within the EC, have urged.

But to ease the deep distrust of Serbia and the Serb-led federal army, notably in Germany, the EC has set pre-conditions. These are that Serbia endorse the principle of the EC peace conference on non-violability of frontiers; open airspace over Croatia and Slovenia to flights by the United Nations peace-keeping force and others; and repeal Serbian legislation purporting to apply to Serb enclaves in Croatia. Serbia has only come close to fulfilling the first of these conditions.

The briefing of Lord Carrington, chairman of the Yugoslav peace conference, to ministers yesterday was instrumental to both decisions. While he opposed the German-led recognition of Croatia three months ago as undermining his peace efforts, Lord Carrington told ministers that such was the instability in Bosnia that there was nothing to be gained from further delay in putting last month's referendum verdict into effect.

Macedonia's quest for recognition is still stuck on the nomenclature dispute with Greece. Mr Pinheiro said he hoped soon to be able to announce a formula easing Greece's worries about recognising Macedonia under that name.

Lobbying for Macedonia yesterday in the corridors of the Luxembourg council building was Mr Robert Macfarlane, President Reagan's national security adviser who resigned over the Iran-Contra affair. He said that Macedonia, whose name in itself hardly constituted claims on Greece, was ready to sign non-aggression pacts with its neighbours, once it was independent and able to do so.

Italians ignore Andreotti's warning

The prime minister's party has experienced a serious setback, writes Robert Graham

DURING the election campaign, Mr Giulio Andreotti, Italy's outgoing Christian Democrat prime minister, was wont to caution the electorate against a protest vote with the advice: "Too many doctors risk killing the patient."

Yesterday's early returns suggested the electorate had ignored his caution. The Christian Democrats looked set to receive their first serious electoral reverse since 1948 as voters switched allegiance to a wide arc of parties. Italy's 11th legislature thus looked certain to contain a greater fragmentation of political parties, all with differing prescriptions on how to cure the country's ills.

Although the Christian Democrats will remain the largest party in parliament, their vote appeared likely to fall below the psychological barrier of 30 per cent. Prior to the elections, party officials said that any vote below 30 per cent would be an upset, aware that this would undermine the party's credibility and post-war political dominance.

The vote is almost certain to reduce the influence of the party to orchestrate the formation of the next coalition and destroy hopes of retaining the outgoing four-party alliance with the Socialists, the Liberals (PLI) and the Social Democrats (PSDI) as a majority. In the outgoing parliament the latter alliance accounted for 53 per cent of the national vote and 49 per cent was considered the minimum necessary to form a government.

The Christian Democrats lost ground to a protest vote, given heavily in the North to the populist Lombard League. But the vote also reinforced the standing of the small Republican Party, the Greens, the Radicals and the Sicily-based reform group, The Network (La Rete). The Christian Democrats failed to capitalise on the fall of communism. Indeed, the party seemed at a loss how to adapt its long-standing anti-communist stance.

In contrast, the former communist vote held up well, split between the bulk who adhered to the new Party of the Democratic Left and the Reconstructed Communism hardliners. The party had relied upon its well-oiled party machine to drum up votes; only in the South was it effective. But even here the Republicans and more particularly La Rete made inroads, largely because of the Christian Democrats' links with organised crime.

The party is now expected to be under strong pressure to forego some of its quota of power. Over the years the party has amassed a formidable netowrk of influence and patronage, well beyond its share of the vote. Rather than diminish as its vote slipped in general elections from the 1948 high of 48 per cent to a low of 32 per cent in 1983, this power tended to be consolidated.

In the outgoing administration the Christian Democrats held 17 of the 32 ministerial portfolios and 38 of the 69 under-secretaryships. They held every key ministry save foreign affairs (in the hands of the Socialists) and kept a tight control over the security services. Their hold is even greater in provincial administration, with 17 of the 20 presidents of the regions being Christian Democrats.

Outside pure politics, the Christian Democrats control their own trade union federation, the Usl, and their appointees dominate the state corporations including the state holding company, IRI, which accounts for 5 per cent of GDP. A weakening of the Christian Democrat vote implies not just a significant lessening of their ability to carve up the country distributing favours to the party faithful. It also raises questions about the leadership of the party which has failed to detect the changing mood of the nation. In particular it calls in question the future of Mr Andreotti, 73, who had hoped to move from the premiership to the presidency.

Russia sets pace on forces split

By Dmitri Volkov in Moscow

THE Russian parliament has forced other republics to decide on a carve-up of the armed forces of the Commonwealth of Independent States, at present under Russian control.

A statement agreed at the weekend by the praesidium of the Russian parliament said the new Russian army would take over all the present CIS forces, even those based in non-Russian republics.

Russia pays for all the former Soviet armed forces except those taken over by Ukraine and Moldova. The praesidium's decision will force the other republics to decide what proportion of forces based on their territory they wish to take on and pay for.

General Pavel Grachev, named on Friday as one of the two deputy Russian defence ministers, said the government wanted the Russian army to number between 1.2m and 1.3m, out of the 3m former Soviet troops.

Deputies say the praesidium decision also means that the strategic nuclear forces, currently under CIS command, would also be put under Russian control.

The republics of Ukraine, Kazakhstan and Belorussia still have substantial strategic forces on their territory, none of which have so far been returned to Russia – though all have pledged to do so.

The deputies say that Russia will attempt to conclude a treaty with the other CIS members on the provision of a "nuclear umbrella" once the strategic forces have been secured.

Coal miners from Siberia's Kuzbass region shout slogans supporting the Russian President, Mr Boris Yeltsin, in Moscow's Red Square yesterday as Mr Yeltsin's economic reforms were being discussed at the reconvened session of the Russian parliament

Prime Minister Dehaene seeks economic results

Belgian political 'TGV' pulls along slowcoaches

By Andrew Hill in Brussels

BELGIAN newspapers are calling Mr Jean-Luc Dehaene the "TGV". In their eyes, Mr Dehaene, who took over as Belgium's prime minister only a month ago, is an express train pulling Belgium's political slowcoaches behind him.

On Sunday, Mr Dehaene proved that he had both speed and weight, by announcing, after just three days of formal discussion, a programme of swingeing budget control measures aimed at putting Belgium on track for economic and monetary union with its EC partners.

The package should produce savings and extra tax revenues of some BFr75bn ($2.2bn), to add to the benefits of VAT restructuring and internal savings on civil service expenditure, which have already been announced.

Belgium has to cut its budget deficit from 6.3 per cent of gross national product in 1991, to 3 per cent by the end of 1996. Mr Dehaene reckons these measures will help reduce the deficit to 5 per cent by the end of this year. Some economists believe he is calculating Belgium's progress using slightly more relaxed criteria than his EC partners would allow, but the speed with which Mr Dehaene has acted is still impressive.

"Very un-Belgian," said Mr Gary Smith, European economist with Merrill Lynch in London yesterday. "And they seem to have done it without squabbling. We are obviously in a new era."

The nature of some of the measures – in particular the curb on spending in the social security sector – is another indication of the urgency of the government's task.

In the past, centre-left coalitions like this one have shied away from penalising Belgian citizens in socially sensitive areas.

Whether the package – which includes a 1 per cent social security tax and a new "taxe de luxe" on cars – will achieve the impact predicted by Mr Dehaene is a different matter.

Mr Peter Claes, an economist with Banque Bruxelles Lambert in Brussels, pointed out yesterday that although the mechanical effect of direct measures is comparatively easy to calculate, it is less easy to predict how much will be saved by, for example, plans to tighten up on dole fraud, or close loopholes in the tax system.

"You have to look at the social and political impact, as well as the financial impact of such measures," he added.

Budget proposals require only a simple majority in the Belgian parliament, which will not pose any problem for the centre-left coalition.

But to achieve his government's second goal – institutional reform – Mr Dehaene will have to attract allies from opposition parties to make up a two-thirds majority.

Formal "dialogue" between the feuding French-speaking and Flemish communities of Belgium began yesterday, with the goal of devolving further powers to the regions peacefully.

However painful the budget cuts, political and economic analysts are worried that institutional reform will be the issue which derails the Dehaene train.

Rutskoi urges Moldova buffer zone

By John Lloyd in Moscow

MR Alexander Rutskoi, the Russian vice-president, yesterday appealed to the Congress of Russian People's Deputies to sanction the use of the former Soviet 14th army – now under Russian control – to establish a buffer zone along the River Dnestr between warring Moldovans and Russians.

Mr Rutskoi also suggested in a fiercely nationalist speech that Russia might recognise the self-proclaimed Trans-Dnestr republic, where the Russians are concentrated.

No vote was taken on his appeal, pending the outcome of talks between the foreign ministers of Russia, Ukraine, Moldova and Romania in the Moldovan capital of Kishinev. But his call drew a sympathetic response, and represents a willingness by a substantial group of legislators to protect by military force the interests of the millions of Russians living in former Soviet republics.

Mr Rutskoi, just returned from a visit to the Trans-Dnestr republic, told the congress that "unless Russia guarantees the protection of its citizens wherever they live . . . there will be military conflict on the former territory of the Soviet Union and there will be thousands of refugees, as we already see."

Mr Rutskoi's visit was opposed by Moldova, which complained that Russia was interfering in its internal affairs. The Russians in Trans-Dnestr fear that the Kishinev government will try to incorporate Moldova into Romania; most of the Moldovan population is ethnic Romanian.

Mr Andrei Kozyrev, the Russian foreign minister, had proposed in Kishinev that Russia, Ukraine, Moldova and Romania act as guarantors of the independence and integrity of Moldova, and also of the right to self-determination of the mainly Russian population on the left bank of the Dnestr.

The Russian preference is for the creation of a federal state in Moldova which would give a measure of independence to the Trans-Dnestr rebels. However, the Moldovan government wants a unified state.

● The Azerbaijani prime minister, Mr Hasan Hasanov, has been ousted in an apparent power struggle in the former Soviet republic, Interfax news agency said yesterday, Reuter reports from Moscow.

Brussels signal to car spares makers

By Andrew Hill

EC MANUFACTURERS of vehicle spare parts risk punishment for unfair competition if their links with car-makers put independent parts distributors at a disadvantage, the European Commission indicated yesterday.

An independent French distributor complained to the Commission that Magneti Marelli, the parts subsidiary of Fiat of Italy, was operating a system which allowed car-makers to buy replacement carburettors at preferential prices, for resale through their distribution networks.

Brussels said yesterday it had decided not to go ahead with an investigation because Magneti Marelli had changed its system to make it less discriminatory. But at the same time, the Commission sent a strong signal to all spare parts manufacturers that discrimination against independent distributors was unacceptable.

"Partnerships' between car-makers and spare parts manufacturers must not call into question the survival of distributors of replacement parts which are independent of car distribution networks." Magneti Marelli dominates the French market for replacement parts, with a 63 per cent share. Distributors which were not part of a car-maker's distribution network were only able to buy replacement carburettors through an intermediary, at higher prices and on less advantageous terms.

A Commission spokesman said: "Big car companies buy the carburettors they install in new cars in bulk, and those are always cheaper. But they also get concessionary rates on the parts they use for the spares market. That's separate, and there are other people who compete only in that market."

The EC Commission president, Mr Jacques Delors, issued an *impassioned plea to the Twelve yesterday to accept his plan for a* boost in EC spending over the next five years, (AP-DJ) reports from Luxembourg. Mr Delors addressed EC foreign ministers for half an hour, trying to persuade them his package was essential for the goals of political union. Wealthier nations, notably Britain, Belgium and the Netherlands, feel Mr Delors' proposed budget increase is too large, while the poorer member states generally approve of the plan. The proposed budget calls for a more than 50 per cent increase in aid to the four poorest EC countries, Portugal, Spain, Greece and Ireland.

Romania seeks to encourage foreign investors

By Virginia Marsh in Bucharest

THE Romanian government has reaffirmed its commitment to facilitating direct foreign participation in the country's economy.

A government statement issued yesterday stressed that foreign investors would receive the same rights as Romanian nationals and that there would be free access to markets throughout the economy.

The government aimed for minimum intervention in commercial activities and its role would be "almost exclusively supportive".

At the same time, the government announced that in particular it would encourage foreign participation in priority sectors, including agriculture, energy, transport and telecommunications to speed up Romania's transition to a market-led economy.

Foreign investors participating in priority sectors would be able to negotiate on an individual basis for additional investment incentives, according to the Romanian Development Agency (RDA), a state-funded body responsible for alerting potential investors to opportunities in the country.

In particular, foreign participants could negotiate for additional tax relief and customs duty reduction.

Foreign participation was a key factor in restructuring he Romanian economy and the government needed to stimulate further interest.

So far, the level of foreign interest had been disappointing, the RDA said. In the two years to March 1991, foreign investment in Romania totalled approximately £188m of which 60 per cent had come from western Europe.

Polish finance supremo tries to fill credibility gap

Andrzej Olechowski explains his task to Andrew Gowers

FOR a man in the midst of a political baptism of fire, Mr Andrzej Olechowski exudes calm and reassurance. He will need both qualities in substantial measure over the next few weeks. As Poland's new finance minister, in the job for just six weeks, he faces two formidable and interlinked tasks: restoring the country's credibility with the international financial institutions; and persuading its fragmented parliament to accept a budget plan which curbs government spending.

It is a twin challenge that ultimately defeated Mr Olechowski's two predecessors: Mr Leszek Balcerowicz, the architect of Poland's shift towards a market economy who lost the job as a result of last autumn's elections, and Mr Karol Lutkowski, who resigned over policy disagreements in February. That Mr Olechowski, a 44-year-old former trade official who once worked for the World Bank in Washington, succeeds is vital at a time of increasing worries in the west about the country's ability to sustain the momentum of reform in the face of a deep recession.

Mr Olechowski – who looks like the archetypal Polish cavalryman, tall, silver-haired with a bushy moustache – is in no doubt about the scale of the difficulties. "We are not credible domestically or internationally, and we are aware of that," he cheerily admits. "Credibility can only be re-established by acts, not words."

He has already made a start. Six weeks ago the government was in open disarray over economic policy; today Mr Olechowski insists that other ministers are in complete accord with him, and the others – notably Mr Jerzy Eysymontt, the planning minister who had been rumoured to be at odds with the previous finance minister – do not disagree.

The result is a perceptible improvement both in the government's command over its own finances and in its relations with the outside world. Back in February, the budget deficit seemed to be out of control, the international financial institutions were hovering anxiously in the background, and the World Bank was warning in a report circulated to ministers that there was an "imminent danger" of hyperinflation unless the government reasserted its grip. Since then, Mr Olechowski has re-established a dialogue with the International Monetary Fund, persuaded the government to accept a budget that will enable negotiations to proceed on a new IMF agreement, and drawn up plans for a rationalisation of state-owned industry and financial system.

Now he has embarked on the hard part: an effort to cajole the Sejm, Poland's politically fragmented parliament, into agreeing to the budget – which provides for a deficit of 65 trillion (million million) zlotys ($4.8bn) equivalent to 5 per cent of gross domestic product – and to the complex legal changes necessary to implement it. Parliamentary debate on the budget has just begun, and it is far from certain that the vote in a few weeks' time will be positive. Without approval, the government's credibility will be again in shreds, the worries about hyperinflation will resurface, and Poland's prospects of significant financial assistance from west will fade.

Even with budget approval, Mr Olechowski knows he will be walking a tightrope. Poland is, he says, already experiencing capital flight to the tune of tens of millions of dollars a month, and he is worried that this figure will grow. If the government's hopes for zero growth in gross domestic product – after sharp falls in 1990 and 1991 – fail to materialise; if growth in wages is not restrained; if Poland fails to secure the external assistance he says it needs to finance the budget deficit – then the alarm bells will sound again.

Mr Olechowski's sober approach shows how far the government of the prime minister, Mr Jan Olszewski, has had to change tack since it was first formed last December, promising to get the economy moving again. In effect, he is implementing exactly the same policies that made the last government so unpopular. This time, however, supporters of reform within and outside the country hope Mr Olechowski will succeed where the somewhat remote personality of Mr Balcerowicz failed in communicating the need for realism.

Mr Olechowski plans to be less dogmatic than Mr Balcerowicz on the zloty exchange rate. He says that if another "relatively small" devaluation of the zloty (the currency was devalued by 12 per cent last month) is necessary to maintain Poland's competitive edge, that is what he will undertake.

Here too, however, he is constrained by the need to fight inflation, which was 70 per cent last year.

Beyond the current difficulties with the budget, Mr Olechowski is anxious to keep the structural reforms initiated by his predecessors, such as changes to the tax system, on track: VAT is to come in at the beginning of next year.

UN calls for earlier ban on CFCs

THE UN's top environment official said yesterday that damage to the ozone layer was worse than previously thought and proposed advancing a ban on ozone-eating chemicals by four years to the start of 1996, Reuter reports from Geneva.

"The full consequences of our past folly will be painful," said Dr Mostafa Tolba, executive director of the UN Environment Programme (UNEP), at the start of 10 days of UN negotiations to tighten the 1987 Montreal Protocol on the ozone layer.

Most industrialised regions are so alarmed by new reports demonstrating the rapid destruction of the protective ozone layer that they will almost certainly approve a target of 1996 for banning the chemicals, which include chlorofluorocarbons.

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UK steel town's revival inspires E Germans

East and west are starting to co-operate on urban regeneration, writes Alison Maitland

EAST Germany's plums *have* gone. West German companies have piled in and bought the healthiest industrial plants or set up new operations to capture local markets.

Now foreigners are being targeted in a hard sell of the rest. On the margins of big cities such as Berlin, Leipzig and Dresden lie regions in desperate need of development if east German living standards are to be hauled up to those of the west.

Some 300 UK companies and financial institutions have been invited *to a seminar* in London *today* to promote one of those regions, centred on the industrial city of Schwedt and the medieval market town of Angermünde, 50 miles north-east of Berlin.

The groundwork for this promotion is a case study in how east and west can co-operate in planning the revival of a downtrodden regional economy, with inspiration provided by the experience of the Northamptonshire steel *town* of Corby.

Marketing a remote corner of east Germany close to the bleak Polish border is an uphill struggle, especially when potential investors are suffering their own recession. Schwedt has little choice, however. It is threatened by a haemorrhage of skilled workers to the west.

The PCK oil refinery, focal point of the town of 52,000, once provided 10,000 jobs. By the end of next year only 2,000 jobs will remain as capacity at the now privatised refinery is slashed and wage and productivity levels are raised to those of west Germany. A shoe factory which relied on sales to Comecon countries has closed, and the old East German army depot and barracks have gone.

The authorities in Schwedt, *together with Angermünde,* turned to the west for help. They hired Mowlem Europe, a division of John Mowlem Construction of the UK, which opened an office in Berlin in July 1990 and bought Bau-Tec, a German construction company, last November. Mowlem, in a joint venture with Conran Roche, UK planning consultants, began work on a development programme a year ago.

The contract, worth about DM500,000 (£175,400), was funded from European Community grants to Bonn for the regeneration of east Germany, which filtered to the region via the Brandenburg state authorities.

Mr Jim Barrack, business development director of Mowlem Europe, emphasises the co-operation aspect. "We didn't want to go in saying 'We know everything, let us get on with it.' We wanted them to be a part of it because at the end of the day they have to carry their economy into the new free market."

> Marketing a remote corner close to the bleak Polish border is an uphill struggle, especially when potential investors are suffering their own recession

The region was evaluated, the data analysed, and 75 potential projects covering industry, services, agriculture and infrastructure were drawn up, requiring an estimated DM70m-DM80m in private sector investment alone. Subsequently, a dozen priority projects were highlighted as those "most likely to be attractive to the outside world and give benefit to the region".

The seminar will emphasise the region's strengths: its equidistance from Berlin and the Polish Baltic port of Szczecin; its location on the river Oder; its lakes and forests, suitable for leisure and tourism; its natural resources of timber and sand; its workforce which, though inexperienced in western managerial and commercial techniques, is skilled and willing.

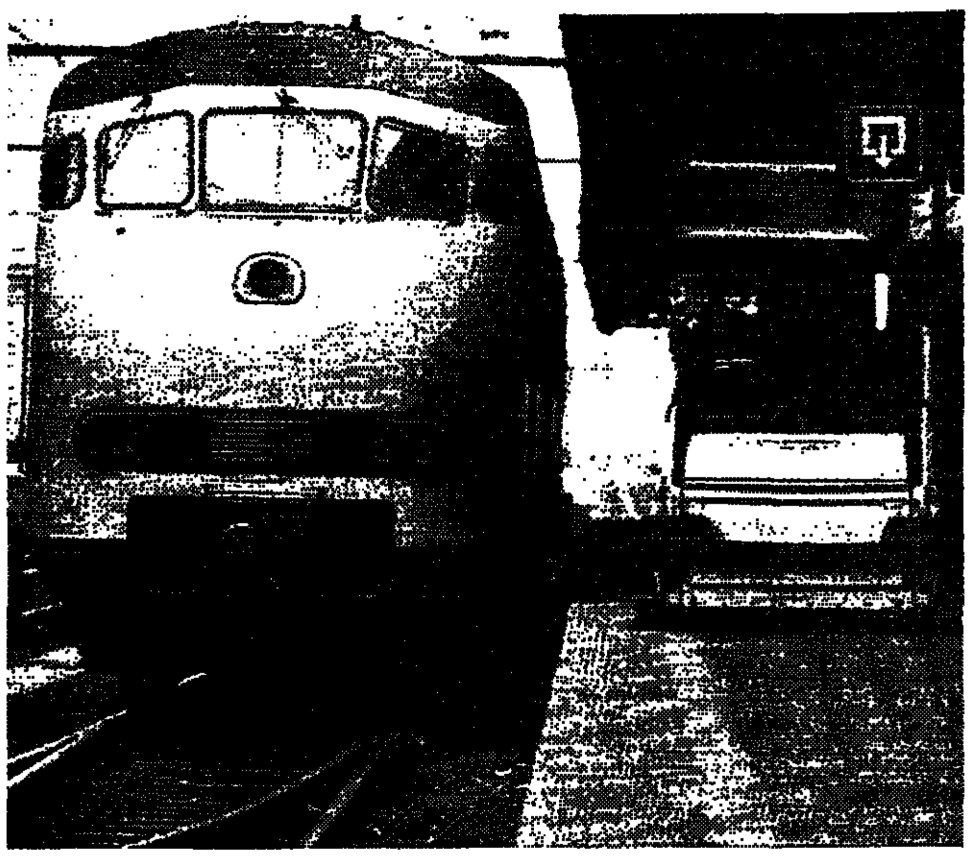
Back to today, the reality is one of inadequate roads, a *run-down telephone system,* and scarce hotel accommodation. So the investments being sought range from publicly-funded infrastructure projects – such as a new river harbour for Schwedt and a feeder road from the A11 north-south motorway – to private sector ventures such as a food processing plant.

Other regions will be as eager, or desperate, to sell themselves, as Mr Barrack acknowledges.

That is why creation of an Economic Development Agency is a top priority. It would direct investments and provide advice, sites, start-up finance, job creation and links with other countries.

During the study, the Germans were taken to Corby, which was revived as an enterprise zone after its main employer, the steel mill, closed in 1980 with huge job losses. It happens that Corby mirrors Schwedt's population of 52,000, and its steelworks also once employed more than 10,000.

"Corby gave them a very bullish presentation about how they tackled the problems and got new business in, and they found that very encouraging," says Mr Barrack. "Corby very kindly offered to liaise with them in the future."



Dutch railways grind to a halt

A LONE worker cleans the deserted platform of Amsterdam Central Station yesterday as Dutch rail workers staged a nationwide strike bringing trains to a virtual standstill throughout the country, Reuter reports from Amsterdam.

"The strike is almost total. Only a handful of trains were running this morning," a spokesman for the state-owned national railway said.

The country's FNV transport union called the strike after pay negotiations broke down last week. It is expected to last throughout today.

ANP, the Dutch news agency, reported traffic queues of more than 60 miles on some of the country's main roads.

EC refuses Irish shift in protocol on abortion

By David Buchan in Luxembourg

A MAJORITY of Ireland's partners in the European Community yesterday refused to allow Dublin to modify its anti-abortion protocol attached to the Maastricht treaty for fear of opening a Pandora's box of other changes.

Dublin wanted to reconcile its 1983 constitutional ban on abortion with the sort of case *that recently arose when a 14*-year-old Irish girl, pregnant after being raped, was initially denied the right to travel to Britain to get an abortion, but was later allowed to do so after a Supreme Court ruling.

Mr David Andrews, foreign minister, suggested Ireland might have to delay the referendum on the Maastricht treaty planned for June to clarify the abortion issue.

The insistence by Germany and France yesterday that the Maastricht treaty be left untouched reflects increasing nervousness that if even one part of the treaty were unstitched, the rest might fall apart under other demands for re-negotiation.

Yesterday's move also has implications for Britain's position on the treaty. The Labour party would want to sign up to the EC social chapter on working conditions if it wins Thursday's UK election. However, it would now be difficult for Britain to renegotiate legally the opt-out on social policy.

The only revision open to a Labour government would probably be the sort of interpretative "solemn declaration" offered to Ireland yesterday.

In what turned out to be a *self-inflicted embarrassment,* the Irish government insisted on adding to the Maastricht treaty a formal protocol, stating that nothing in the treaty would negate its constitutional ban on abortion.

However second thoughts set in this year with the case of the 14-year-old. While finally allowing the girl to get an abortion in Britain, three of the Irish Supreme Court's five judges said that, in general, the rights of an unborn child took precedence over the (EC-enshrined) freedom to travel. *What the Irish government* was seeking yesterday was to add a sentence to its protocol, upholding its citizens' right to travel and to receive information on services legally available elsewhere in the EC.

Strike begins at Ireland's banks

By Tim Coone in Dublin

STAFF at Ireland's four main clearing banks began a national strike yesterday after the breakdown of talks at the weekend over longer opening hours and a 6.5 per cent pay claim.

Irish Bank Officials' Association (IBOA) said 80 per cent of its 13,000 members were supporting the strike, although many branches were working with skeleton staffs.

The four banks affected are Allied Irish Banks (AIB), Bank of Ireland, *National Irish* Bank and Ulster Bank. Between them they account for 56 per cent of private bank credit in the Irish Republic.

AIB, Ireland's largest bank, claimed that more than half its staff had turned up for work.

The dispute came to a head at the weekend, after two *months of limited industrial* action by the IBOA led the banks to begin sacking staff who refused to process bank charges.

The four banks have offered a 6 per cent pay rise linked to longer opening hours, which the IBOA has rejected, despite its recommendation by a Labour Court mediator. The banks intend to initiate lunchtime opening next month, and argue that if their workforces do not accept the principle of all-day opening, the banks will be unable to compete when the last barriers to an open EC market in financial services are dropped next year.

The IBOA said its pay demand goes back three years, and a settlement on the introduction of new technology was still outstanding. These had to dealt with before lunchtime *opening could be agreed.*

Poll victory for socialists shakes Greek government

By Kerin Hope in Athens

GREECE'S conservative government was shaken yesterday after a 35 per cent swing to the opposition Panhellenic Socialist Movement (Pasok) in an Athens by-election at the weekend.

The Athens Stock Exchange index dropped by 2 per cent after the final result was announced, giving Pasok an unexpected 68 per cent of the poll as voters protested against the government's austerity policy.

The by-election was held in a large suburban Athens constituency where unemployment is rising and many residents are affected by a public sector pay freeze imposed by the ruling conservatives.

Mr Andreas Papandreou, the Pasok leader, called on the government to resign, saying its foreign policy "is highly dangerous and its economic policy unpopular and unjust".

Mr Stefanos Manos, the economy minister, said the government had "got the message" but was determined to press on with economic reforms tobring the Greek economy into line with its EC partners.

Leader of coup may be Thai PM despite vow

By Peter Ungphakorn in Bangkok

GENERAL Suchinda Kraprayoon, the army commander who led last year's Thai coup d'état and vowed he would not accept the premiership, yesterday appeared likely to be nominated as the country's next prime minister.

However, MPs who oppose the appointment of an unelected prime minister and command almost half the seats in the lower house were thought to have officially proposed an alternative.

Gen Suchinda did not stand in the March 22 general election. But he emerged as the leading candidate after the majority alliance of five parties endured almost two weeks of strong public opposition to their original proposal to nominate Mr Narong Wong Wan, leader of the pro-military Samakkhi Tham (Justice Unity) party, which won the largest number of seats.

Mr Narong was alleged to be associated with heroin trafficking, and the US government confirmed that it had refused him a visa last year on these grounds.

He has denied the charges and has not officially given up his candidacy, but some leaders of the five parties say their alliance had switched support to Gen Suchinda.

The army chief would not comment yesterday. If he does accept the premiership he will have to explain why he has decided to break a categorical denial last year that neither he nor the powerful air force commander, Air Chief Marshal Kaset Rajananil, would accept the premiership.

"I can reaffirm here that both General Suchinda and Air Chief Marshal Kaset will not be prime minister after the promulgation of the constitution," Gen Suchinda said then.

Much of the press opposes Gen Suchinda, as does a large section of public opinion in Bangkok, where an anti-military party took all but one of the seats in the election.

In accepting the premiership Gen Suchinda may also have to let leading members of the five parties be ministers even though some of them were in the government that was overthrown and were later proclaimed "unusually wealthy".

Without their support, Gen Suchina would not be able to rule. But their selection could also be difficult to explain because one of the key justifications for last year's coup was corruption in the cabinet.

Regulators get tough with Hyundai group

By John Burton in Seoul

SOUTH KOREA'S Hyundai conglomerate came under renewed financial pressure yesterday when its main creditor bank banned five subsidiaries from making industrial investments or acquiring property for the next six months.

Meanwhile, the South Korean banking supervisor said it was likely that a second Hyundai subsidiary would lose its rights to unrestricted credit access following a similar curb on Hyundai Electronic Industries over the weekend. Unrestricted credit is an important privilege in a country plagued by credit shortages.

The actions are linked to a growing conflict between the government and Mr Chung Ju Yung, the founder of Hyundai. Mr Chung recently created the Unification National Party (UNP), which captured a pivotal parliamentary position in last month's National Assembly elections after it campaigned on an anti-government platform.

Korean Exchange Bank (KEB) said it was imposing the penalties on the five Hyundai concerns because the companies recently purchased property and built facilities without its permission. This violates the country's strict credit control rules.

The companies involved are among Hyundai's most important. They include the shipbuilder Hyundai Heavy Industries, the car maker Hyundai Motor, Hyundai Wood Industries, Hyundai Aluminium Industry, and Hyundai Electrical Engineering.

Hyundai already has claimed that alleged financial restrictions imposed on the conglomerate by the government in recent months have led to delays in its investment programme, including the development and production of a new range of vehicles. The government has denied that Hyundai has been subject to credit sanctions.

While KEB was disclosing its decision, the Office of Bank Supervision said that Hyundai Electronics Industries would probably be stripped of its right to unlimited credit this Friday unless it could disprove charges that it illegally financed the UNP in the parliamentary elections through bank loans.

Seeking peace in an Afghan minefield

Farhan Bokhari examines obstacles to a settlement on the last Cold War battlefront

THE WAR will be brought to an end soon in neighbouring Afghanistan, say Pakistani officials and diplomats in Islamabad. This has proved hard enough, they say, but building peace there will be even more difficult.

Spearheading the peace drive on the last battleground of the Cold War is the UN secretary-general's Afghanistan troubleshooter Mr Benon Sevan. He has spent the last few weeks shuttling around the region trying to organise a meeting of representatives of the warring parties to choose an interim government.

The first step would be an assembly of 12 to 24 "mutually acceptable" representatives which would meet in Geneva or Vienna by the end of this month. An interim administration would then be required to hold elections to pave the way for a new government in Kabul.

Meanwhile, the futility of the conflict Mr Sevan is trying to bring to an end is evident in the eastern town of Khost, taken by the mujahideen rebels last spring in what was supposedly their most significant victory of the war. Countless thousands of guerrillas and government troops died during the two-week battle for this sprawling clutter of tumbledown mud dwellings. After "liberating" the town the mujahideen looted it of virtually everything that could be carried off. Even doors and window frames were removed.

A year on, the debris of the battle – rusting tanks, crippled army trucks, spent artillery casings and clumps of half-buried uniforms – still litters the streets, many made impassable by huge bomb craters. Apart from the occasional patrol of Kalashnikov-toting mujahideen, there is little sign of life.

Clearing the mines is a vital first step towards a return to normality. A fifth of the war's million-plus fatalities were killed by mines; twice as many again have been maimed by them. At the going rate it will take 40 years to make the country safe. But a UN-supervised mine clearance programme begun in 1990 is threatened by a dire shortage of funds. Though run on a shoestring budget, only a third of the $15.6m needed this year has been secured.

Clearance teams came to Khost last September at the request of the mujahideen. Depleted though the area is, half a dozen people are still being killed or disabled by mines each day.

Two events this year have moved the peace process forward: first, Pakistan formally ended its support for a military victory by the mujahideen. That at last ended the involvement of Islamabad's powerful ISI (Inter-Services Intelligence) agency, long believed to be the most important channel for arms and equipment to the mujahideen.

However, the announcement last monthby Mr Najibullah, the Afghan president, that he would step down and hand over power to an interim government, removed the most important objection to peace talks from the mujahideen. Hardliners and moderates among them have demanded for long that no settlement would be acceptable to them as long as the president remained in power.

The end of the war and formation of a new government in Kabul would still leave the task of rebuilding a war-torn country. The UN has appealed for at least 100,000 tonnes of wheat to overcome severe food shortages. That includes 30,000 tonnes for Kabul alone, where 1m people survive on food coupons. "The silos are empty: do we start digging cemetaries?" is how Mr Sevan described it.

One Pakistani officials said: "The big powers were keen to finance the war which brought about this catastrophe. Sadly, they are less likely to finance the peace and rebuilding of Afghanistan, because the east-west power game is not involved."

While the chances of a settlement have never been more promising, some diehard guerrilla leaders, such as Hezbi-i-Islami's Gulbuddin Hekmatyar, appear to want to continue the fight.

In a statement yesterday the Hezbi said it would "not accept any (Afghan) government imposed by foreign forces". It denied having joined the UN peace process.

Last week Mr Sevan said: "We cannot have 100 per cent unanimity. Nobody from any group should think they can stop the process, because otherwise you'd never start."

Additional reporting by Gerald Bourke, recently in Khost

Opposition fighters cheer after an Iranian jet bombing their base in Iraq was shot down

Iran calls attacks 'conspiracy'

By Our Middle East Staff

TEHRAN yesterday accused the west of a "calculated conspiracy" to disrupt its elections later this week, after weekend attacks by anti-government Iranian protesters on Iranian missions overseas.

The attacks by supporters of the Mujahideen Khalq opposition group followed Sunday's bombing raids by eight Iranian F-4 jets on Mujahideen bases in Iraq – the first Iranian air strike against its neighbour since the end of the 1980-88 Gulf war. Iraq has complained to the UN Security Council about the raids,

France yesterday condemned the raids, saying they risked igniting further violence in the region. "Regional peace could be in danger," said Mr Daniel Bernard, Foreign Ministry spokesman. He also condemned the subsequent attacks on Iranian embassies.

Ambassadors from countries in which Iranian embassies were attacked were summoned to the Foreign Ministry in Tehran yesterday for a strong protest. A ministry spokesman was quoted as saying that the demonstrators should be extradited and compensation paid for damage to the missions.

The raid also revived hostile exchanges between the two former belligerents, with Iran demanding that Iraq cease supporting the Mujahideen. Iraqi newspapers meanwhile condemned the raid, suggesting that the US lay behind the bombing.

EC to lift embargo on exports of oil to South Africa

By Philip Gawith in Johannesburg and Reuter

THE European Community is to lift an embargo on exports of oil to South Africa, following a similar move by the US last July.

Mr Hans-Dietrich Genscher, German foreign minister, meeting with his EC counterparts in Luxembourg yesterday said the decision, due to be ratified last night, was being taken "in the expectation that this will contribute to positive developments, especially in the forming of an interim government".

Diplomats said ministers were also expected formally to end remaining sanctions involving sporting, scientific and cultural contacts, which in effect have lapsed in any case.

The only sanctions which will remain are embargoes on imports and exports of arms and sensitive goods for the armed forces, along with measures affecting military and nuclear co-operation.

The moves follow the vote by whites last month in a referendum to back President F W de Klerk's efforts to dismantle apartheid and reach agreement on a new constitution with the majority black population.

The Community agreed to end its ban on new investments in South Africa at the end of 1990 and its ban on the imports of iron, steel and gold coins early in 1991, although it did not take effect until this year.

Oil industry operators in South Africa welcomed the unexpected announcement, but noted that the Community's decision will have limited financial impact. For the past few years South Africa has been buying its crude at world prices, paying little if any premium. The diminished impact of the embargo was already evident last year when the government announced it would sell part of its strategic reserve to finance social upliftment.

It will, however, allow South Africa to diversify its sources of supply. The country will also be able to trade crude oil products openly. What remains unclear is the extent to which yesterday's announcement will undermine the United Nations embargo which remains.

Locally, it will provide added impetus for the decentralisaton of oil procurement, which has been controlled by the Central Energy Fund.

Shipping Research Bureau, an Amsterdam based monitoring group, estimated that South Africa's oil imports cost $1.6bn in 1989. Demand is about 30 per cent below that of the mid-1970s due mainly to progress made by South Africa in achieving a level of self-sufficiency through developing a synthetic fuel industry which converts coal to oil and gas.

Deborah Hargreaves adds: Oil traders do not believe the EC move will have much impact on world prices. "We could see some temporary distortions in the trade flows of certain oil products," said Mr Joe Stanislaw of Cambridge Energy Research Associates, "but there will be no huge spate of demand opened up".

Taiwan in uproar over status of president

By Luisetta Mudie in Taipei

THE Taiwanese National Assembly faces a week-long boycott by opposition delegates as the latest sign of growing discord on the island about whether to move to a directly elected presidency – a debate which itself is symptomatic of uncertainty about Taiwan's broader constitutional future.

Opposition deputies walked out yesterday after disrupting a speech by Mr Hau Pei-tsun, the prime minister, and challenging his right to address the assembly.

But conservative delegates of the ruling KMT party say they will try to keep the topic off the National Assembly's agenda altogether in the session which opened last month, arguing that there are still four years left until the end of President Lee Teng-Hui's term.

The main opposition Democratic Progressive party (DPP), which holds 75 of the 403 assembly seats, has already called for island-wide demonstrations on April 19. The DPP supports a directly elected president, but of an independent Republic of Taiwan. This is anathema to the KMT government, which still claims sovereignty over the whole of China, although Taiwan has operated as an independent state since 1949.

The debate, which is over whether to allow the president to be elected by the Taiwanese people rather than by electoral college, was apparently initiated in early March by President Lee himself within the KMT leadership, and erupted into a public row during the party's central committee plenum.

Until now, the president has been elected by the National Assembly, which is also charged with amending the constitution, a relic from the days of KMT rule on the mainland before it fled to Taiwan in 1949 after losing the war with the communists. Taiwan has a separate parliament, the Legislative Yuan.

Mr Chen Pi-chao, of the independent Institute for National Policy Research, says that the presidency issue is symptomatic of a power struggle which has been endemic in the KMT leadership ever since Taiwan-born President Lee, who is also chairman of the KMT, broke the mainlanders' monopoly on power when he was elected two years ago.

Ranged on one side are Mr Lee's supporters, the liberal mainstream faction, most of whom are native Taiwanese and who favour direct presidential elections. They have public opinion and most regional assemblies behind them. On the other side is the conservative faction, mostly of mainland origin, supporters of the prime minister, who has close connections with the military.

Opinion polls earlier this year showed that a majority of Taiwanese favoured direct election of the president, if only because it was simpler than other methods.

Other political analysts are concerned that such an election would bring a presidential system, in which too much power resides in one person. "That kind of system is not conducive to the stability of a developing country," says Professor Hu Fu of National Taiwan University. "It's too easy for it to turn into a personality cult like the Marcos regime in the Philippines."

Conservatives in the KMT also argue that direct election of a Taiwanese president would be a step closer to formal independence, and therefore unacceptable to Beijing, which has threatened military intervention should the island declare itself independent.

Party united on reform, insists Jiang

By Yvonne Preston in Beijing

JIANG ZEMIN, secretary general of the Chinese Communist party, yesterday insisted there was consensus in the party in favour of economic reform and opening to the outside world.

Denying reports of a party split as he left on a five-day visit to Japan, Jiang said the 15-member politburo was united in supporting the policy of "one central task and two basic points" – the central task being economic development and the basic points the Marxist theory used to back up senior leader Deng Xiaoping's "socialism with Chinese characteristics".

There was no need to change the composition of the politburo, Jiang said.

The 3,000-delegate National People's Congress was last week the forum of unusual discord, and the report to it from Li Peng, the hardline premier, was substantially amended.

Answering reporters' questions in Beijing, Jiang rejected any prospect of the party reassessing its verdict on the "Tiananmen event", the occasion in June 1989 when soldiers opened fire on peaceful demonstrators in Beijing.

● Reuter adds from Tokyo: Japanese Foreign Ministry officials announced that agreement on a third package of energy loans for China, worth an estimated Y700bn (£3.05bn) would be signed within two months.

During 2½ hours of talks, Jiang and Mr Kiichi Miyazawa, Japan's prime minister, praised progress since 1972 and agreed not to let differences overshadow common interests. "But our joint interests greatly outweigh our points of difference."

A million must move for China's next great wall

Yvonne Preston surveys some of the human and environmental costs of the Three Gorges Dam project

IN THE middle reaches of the majestic Yangtze river, sheer cliff faces and mountains rise from turbulent waters to form the Three Gorges, an inspiration to Chinese poets and artists down the centuries.

One of the world's scenic wonders, it is the site of the planned Three Gorges dam, an engineering project – given the go-ahead by the Chinese parliament last Friday – which will not only change the landscape forever, but cost more than 1m people their homes, and swamp 23,800 hectares of arable land, 657 factories and mines, 139 power stations and 956km of roads.

The scheme, incorporating the biggest hydro-power station and largest ship-lift in the world and an unprecedented five ship locks, is costed at 57bn yuan (£6bn) at 1990 prices. Such is the controversy surrounding it that a third of the deputies in the normally tame National People's Congress failed to give it their rubber-stamp vote.

The Three Gorges – Qutang, Wuxia and Xiling – will be dominated by the reservoir which will stretch out behind the 185-metre high dam when it reaches the proposed 175-metre water level 15 years from the start of construction. The 600km reservoir will be a tranquil body of water, twice the width of the present turbulent river, improved navigation being one of the project's proclaimed benefits.

Others are flood control in the middle and lower reaches of the Yangtze – and power, for which China has an insatiable appetite. The project will generate 84bn kw/h of hydro-electric power a year, one-eighth of China's 1991 output.

The water level in Qutang, the smallest and most westerly of the Three Gorges, only 100 metres wide at its narrowest point, is set to rise 90 metres. In the hillside town of Wanxian at the western approach to the Gorges, population 30,000, the level the water will reach is marked on buildings. Few will be above.

The town will be re-built back from the river with some of the 18.5bn yuan allocated to resettlement from the project's budget of 57bn yuan. Some private scepticism was expressed in Wanxian county, which has a high proportion of all the people to be moved, that the money promised by the central government would be forthcoming.

The reservoir will flood 19 counties and municipalities in the two provinces of Sichuan and Hubei, swamping hundreds of populated areas, including the cities of Wanxian and Fuling with 100,000 people. Altogether 140 towns and hundreds of villages are to go, though officials claim none will be totally submerged.

The dam will cost 1.13m people their homes by the time the project nears completion in the year 2008, Mr Tang Dengqing from the Yangtze River Water Resources Commission in Wuhan, responsible for helping to plan new cities and towns and develop barren land for displaced farmers, says moving so many people is unparalleled in the world. It is the most serious of all problems associated with the dam, he says.

Sites have been chosen for the new cities and an overall broad plan mapped. Experiments in moving have been conducted, though reports say people show reluctance to go. The new county town of Badong, 2km from the original site, has basically taken shape after five years construction.

Those to be resettled from urban areas – 60 per cent of the total – are less of a problem than peasant farmers, says Mr Tang. Scratching a poor living from terraced plots often high on mountain sides, they must now be moved higher to still less hospitable land.

There are also conflicts of interest between provinces. Hubei province, down-river of the dam gains from flood control, cheap power and new jobs, but has only 15 per cent of the people to be displaced.

Upriver of the dam the much poorer and heavily populated Sichuan province gets 10 per cent of the power but is home to the remaining 85 per cent of the people to be displaced.

Sichuan faces an increased risk of flooding, as the water level up-river rises. There is an additional risk that the accumulation of silt will affect navigation to Chongqing, Sichuan's largest port. Deputy director of the Three Gorges project office in the city, economist Mr Sun Lai Yan, says 50,000 people within the municipal area will have to move. Many have urged the government to do more research on the project before going ahead.

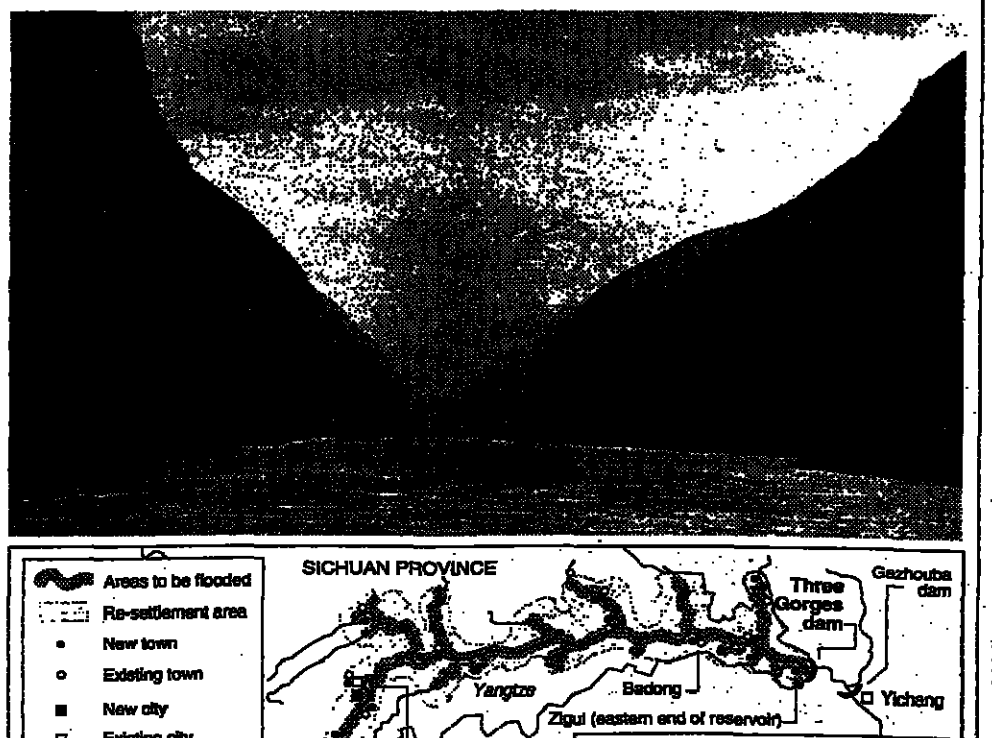
The governor of Sichuan province, Zhang Haoruo, cast his vote for the dam at the weekend, but even he acknowledges the majority of Sichuanese are opposed.

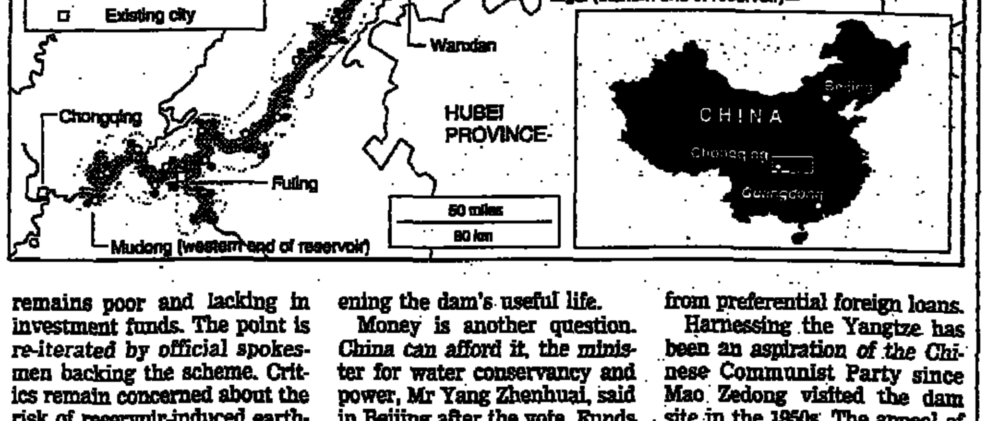
There have been rumours, officially denied, that elder statesman Deng Xiaoping, born in Sichuan, had expressed reservations.

Through the 40 years of debate since the project was first proposed, uncertainty has inhibited development along the affected area, which remains poor and lacking in investment funds. The point is re-iterated by official spokesmen backing the scheme. Critics remain concerned about the risk of reservoir-induced earthquakes, the threat of river banks collapsing, and the accumulation of silt in the first 50 years of operation, affecting generating capacity and shortening the dam's useful life.

Money is another question. China can afford it, the minister for water conservancy and power, Mr Yang Zhenhuai, said in Beijing after the vote. Funds would come from the state, from the generation of power which would begin nine years after the start of construction, from the sale of bonds and from preferential foreign loans.

Harnessing the Yangtze has been an aspiration of the Chinese Communist Party since Mao Zedong visited the dam site in the 1950s. The appeal of an heroic project to today's leaders is a powerful impetus behind the largest construction project since the founding of the People's Republic.





Tokyo steps up environment role

JAPAN HAS invited political and financial personalities from around the world to Tokyo next week to discuss ways of raising money to save the environment, Reuter reports from Tokyo.

The Eminent Persons' Meeting on Financing Global Environment and Development on April 15-17 will be hosted by Mr Noboru Takeshita, the former prime minister.

The United Nations Conference on Environment and Development (UNCED), which is staging the Earth Summit in Brazil in June, estimates the global cost of environmental preservation at $125bn (£72bn) a year from 1993 to 2000.

"I thought that acting as host for this meeting and holding it in Tokyo would demonstrate Japan's intention to play an active role in solving global environmental problems," Mr Takeshita said.

Israel affirms hard line on peace talks

By Hugh Carnegy in Jerusalem

ISRAEL will not attend any of the multilateral Middle East peace talks due to reconvene in May if they include representatives of the Palestinian diaspora, Mr Yitzhak Shamir, the Israeli prime minister, said yesterday.

In a further declaration of the government's unyielding stance, Mr Ariel Sharon, the housing minister, said he planned to step up building for Jews in hitherto Arab areas of east Jerusalem captured by Israel during the 1967 Six Day War, including the Moslem Quarter of the Old City, where previous Jewish settlement has provoked violent protest by Palestinians.

Mr Shamir said the inclusion of Palestinians from outside the occupied West Bank and Gaza Strip contravened ground-rules established for the series of bilateral and multilateral negotiations launched at the Madrid peace conference last October.

The US and Russian co-sponsors of the talks have proposed including Palestinian exiles in several multilateral committees due to begin discussing issues such as refugees, water and arms control next month. But Israel regards their inclusion as a step towards granting such exiles the right to return to their original homeland.

"We will not accept it because it is a violation of all the rules that have been agreed between us and the co-sponsors," Mr Shamir said. He wants the West Bank and Gazan Palestinians restricted to a joint delegation with Jordan, as in the bilateral talks which resume in Washington later this month.

Mr Sharon met Mr Teddy Kollek, the veteran mayor of Jerusalem, to outline his plans for a string of Jewish settlements in Silwan, an Arab neighbourhood just outside the Old City, the Mount of Olives, the Moslem Quarter and the Arab area of Wadi Joz.

Mr Kollek opposes such intrusive settlement, which Palestinians regard as intended to break up and marginalise their place in Jerusalem. But Mr Sharon intends to override his objections.

● The senior officer in charge of Israeli operations in Lebanon escaped injury when two explosions targeted his convoy in southern Lebanon yesterday killing one Israeli soldier and wounding four others, writes Lara Marlowe in Beirut.

The pro-Iranian Shia Moslem Hizbollah movement in Beirut claimed the attack was carried out by its allies in the "Islamic Jihad of Palestine".

The bombing appears to have been another attempt to avenge the February 16 assassination by the Israelis of Hizbollah leader Sheikh Abbas Musawi.

Christian revival perturbs Singapore

Religious morals may conflict with political requirements, reports Victor Mallet

THE LAST thing one expects to see in the sober, disciplined city of Singapore is a respectable middle-aged Chinese woman lying on her back in a public place, moaning and twitching and saying: "It was wonderful. I saw many bright lights."

In a country where even chewing-gum is forbidden, the only context in which you are likely to witness such an event is a charismatic Christian church service. The lady in question, a living testament to the rise of fundamentalist Christianity in Singapore over the last decade, was attending an Anglican service of hymns and healing, with electric guitar, in the Victoria Concert Hall on a recent Sunday.

Leading the congregation was Bishop Chiu Ban-It, the former Bishop of Singapore, taking a break from his retirement in the English county of Dorset to cure the sick and see for himself the spread of Christianity since the first stirrings of the "renewal" in 1973.

He recalled the days when St Andrew's Cathedral had only three Sunday services. "I was bishop and we were pretty desperate," he said. Now there are nine services. "It's just marvellous for me to come and see. The thing which thrills me is the number of lay people and young people who are taking responsibility."

Bishop Chiu gave the same sermon on Christian values this year in Singapore as he did when he preached to Queen Elizabeth at Windsor parish church in 1968. But this time he went on to offer the prospect of a cure for back problems, especially those caused by one leg being shorter than the other, and urged sufferers to come on stage to be healed. "If we pray and ask the Lord, He levels their legs up. In many cases it's permanent," he told the worshippers, who queued to be cured and as often as not keeled over while the bishop prayed and held their hands.

The Singapore government, which regards the obedience of citizens to the secular state as all-important, is considerably less thrilled than the bishop by Christianity's progress. Only five years ago the authorities arrested more than 20 people over a supposed Catholic-Communist conspiracy.

A fifth of the island's population are already Christians – roughly double the number a decade ago – and anecdotal evidence suggests the religion continues to spread among the young. There are influential Christians in the bureaucracy, in politics and in business.

Anglican charismatics are among the more moderate of the new wave of fundamentalists. Baptist and gospel fringe churches have taken over several old cinemas to accommodate their growing congregations, and the services of visiting foreign evangelists are packed night after night.

Most Christians are from the Chinese community, apparently because the Chinese practice of ancestor-worship has a looser hold on its adherents than Islam has on Malays, or Hinduism on Indians.

One Singaporean Chinese woman from a baptist church explained how she angered her parents by becoming a Christian at the age of 12, before converting her siblings and finally – last year – her ageing mother. The trend has left some Chinese elders confused, and fearful of not seeing their relatives in the afterlife, but others watch stoically as their children hold prayer meetings in the house.

Like many newly-converted Chinese Christians, Mr Oscar Huang, a computer software engineer from mainland China working in Singapore, is somewhat iconoclastic, scorning his Buddhist parents' belief in idols. "My parents and grandparents ask the idols, the gods to help us, even the rice god," he said after a Mandarin-language Anglican hymn-singing session. "I don't believe that stuff. They can't help us."

Ask a Christian why the faith is spreading, and he or she will probably answer as Mr Lee Da-Win did after Bishop Chiu's service. "The spirit is moving mightily in Singapore," he said. "Many people in Singapore are very open to the Lord." The bishop himself says the success of Christianity is partly a reaction to widespread materialism in modern Singapore.

Non-believers have another explanation: they link the rise of charismatic Christianity to the soullessness of life in a country where overt individualism and freedom of expression are often frowned upon as disruptive by a government dedicated to "consensus".

At first glance, the stern moral outlook and the emphasis on family life of the Christians appear to coincide with the views of the government (some pastors like to fulminate against homosexuality, for example), but the authorities remain fearful of any Christian moral imperative which might conflict with their own view of the country's greater good. They are suspected by some Christians of trying to curb the charismatic movement with a long-drawn-out attempt to convict Mr Frederick Seaward of the Calvary Charismatic Centre on fraud charges.

Singaporean officials are particularly wary of evangelism, whether by word of mouth or by more modern methods such as the country's radio-paging networks, because they do not want to upset Singaporean fundamentalist Moslems or provoke an outcry from their predominantly Moslem and much larger neighbours, Malaysia and Indonesia.

"No-one goes after the Moslems because they can't, what with the Indonesians the the south and the Malays to the north," says one believer. "It always ends up difficult for the Christians."

Police handcuff a Christian demonstrator in Singapore in 1987. Authorities have since taken a less active line against religious revivals, but remain worried by it

NEWS IN BRIEF

Arabs in Tripoli for talks with Gadaffi

EGYPTIAN presidential adviser Osama Baz and Tunisian foreign minister Habib Ben Yahya arrived in Tripoli unexpectedly yesterday to join diplomatic efforts to resolve Libya's row with the west, Reuter reports from Tripoli.

Mr Baz was to meet Libyan leader Muammer Gadaffi, accompanied by Ahmed Gaddaf al-Dam, an adviser to Col Gadaffi and Tripoli's co-ordinator on relations with Egypt. Mr Yahya was also expected to have talks with Libyan officials.

Egypt and Tunisia have been trying to resolve Libya's dispute with the US, Britain and France over the bombing of two airliners, and head off UN sanctions.

The UN Security Council wants Libya to hand over two alleged Libyan intelligence agents accused of bombing a Pan Am jet over Scotland in 1988 and to give investigators access to four Libyans wanted for questioning in connection with a French UTA aircraft which blew up over Niger the following year.

ANC protests at de Klerk trip

The African National Congress (ANC) yesterday hit out at a planned visit to Nigeria by South African President F.W. de Klerk for talks with President Ibrahim Babangida, head of the the Organisation of African Unity (OAU), Reuter reports from Lagos.

Mr George Nene, ANC chief representative in Nigeria said: "We are not happy that de Klerk, who still represents a minority government, gets an invitation to a country like Nigeria before Codesa [the Convention for a Democratic South Africa] sets up an interim government."

Zaire democracy talks to resume

Zaire's suspended pro-democracy conference was set to resume yesterday after last-minute talks on a deadlock between its chairman and the government, Reuter reports from Kinshasa.

State television said the conference would restart in Kinshasa after an 11-week halt which sparked mass protest at home and condemnation abroad.

Australia airport strike near end

Australian aircraft refuellers and tanker drivers were to end a 24-hour strike at midnight, their union said, Reuter reports from Sydney. They agreed to return to work after a two-hour meeting with oil industry officials in the Australian Industrial Relations Commission yesterday.

The refuellers stopped work over a lack of progress in pay talks. Transport Workers' Union vice-president John Mclean said he hoped negotiations could be completed without further action.

Democratic primaries in New York and the mid-West promise conflicting signals

Clinton could choke on the Big Apple

By Jurek Martin, US Editor, in Washington

IT IS perfectly possible to construct the historically correct argument that, as often as not, the primary elections in the two largest states in the union, California and New York, do not matter in the *choice of a presidential* nominee for the Democratic party.

California's problem is that it votes last, by which time presidential nominations are usually sewn up. So, in preferring Brown to Carter in 1976, Kennedy to Carter four years later and Hart over Mondale in 1984, *it was merely bolting* the stable door too late.

New York's problem is that it is *sui generis*, delighting mostly in giving whoever is the front-runner, especially if from the south, a necessary come-uppance. It has only held a true preference primary since 1980, when it went for Kennedy not Carter. In 1988, however, it gave Dukakis, then barely the favourite, the lift he sorely needed.

Wisconsin, rather neglected this time because of the concentration on New York, is also a state with a history of non-conformism. It went for *McCarthy in 1968* (though President Johnson had already withdrawn and no one else serious was on the ballot), McGovern in 1972, Carter by a fraction in 1976 but convincingly in 1980, and Hart four years later.

Many of these facts, and more, may be recited tonight by his spin doctors if Governor Bill Clinton of Arkansas does not win the New York primary with a bit to spare. A victory in The Big Apple would at least offset a failure in Wisconsin, where Mr Clinton himself has sensed vulnerability.

A defeat, however, would set more cats among his pigeons. Even though, in both states and the smaller Kansas primary, he will get a good chunk *of delegates, it will make all* the more difficult to win enough by California and New Jersey on June 2 to assure a first ballot nomination. As it is, before today's vote he needed to win 57 per cent of all those remaining to be determined to reach the prize.

This remains still a Clinton-Brown contest, though Paul Tsongas, who may get some votes and delegates in New York, drops hints he might get back in the race again, and Governor Mario Cuomo of New York never ceases to muddy the waters with his delphic utterances.

Serious alternatives to Mr Clinton and Mr Brown do not seem to exist at present. As RW Apple, dean of the New York Times political staff, wrote on March 29: "There are only four options now – Mr Clinton, Mr Brown, a late starting candidate or a brokered convention. Of the four, the nomination of Mr Brown, unlikely as the thought may seem, is certainly no less likely than alternatives three and four."

A serious collapse by Mr Clinton, however, might increase the chances of the brokered convention. Here a *decisive role could be played* by the 722 so-called "super delegates", in effect party big-wigs who will go to Madison Square Garden in July in theory uncommitted (though some have already come out for Mr Clinton). This might conceivably winkle out of hiding the likes of New Jersey Senator Bill Bradley, House majority leader Richard Gephardt, Tennessee Senator Al Gore or West Virginia Senator Jay Rockefeller, not to mention Mr Tsongas and Mr Cuomo.

But the last approximation of a brokered convention was in 1968, a truly extraordinary year, *and there is no sign that* any of the above not now running will want to be pawns in an end game likely to lead to a thrashing in November.

If Mr Clinton does survive New York, where his campaign seemed to have stabilised around the middle of last week, and if the Brown insurgency begins to falter, as it began to under the glare of scrutiny, then the game will be back to where it was after Illinois and Michigan voted on March 17.

There will be a presumptive nominee about whom many doubts persist but who is not so far behind George Bush as *to be devoid of hope. And there* will still be a very long way to go.

US presidential race: today's contests

	Kansas	Wisconsin	New York
Population:	2.5m	4.9m	18m
Ethnic composition:	90% white	92% white	74% white
	6% black	3% black	16% black
	1% Asian	1% Asian	4% Asian
	(4)% Hispanic*	(2)% Hispanic*	(12)% Hispanic*
Unemployment rate:	1988: 4.8%	1988: 4.3%	1988: 4.2%
	Feb. 1992: 4%	Feb. 1992: 5.2%	Feb 1992: 8.9%
Bankruptcies:	1988: 7,151	1988: 8,972	1988: 19,701
	1991: 9,708	1991: 12,604	1991: 45,686
Last presidential election:	Republican: 56%	Republican: 48%	Republican: 48%
	Democrat: 43%	Democrat: 51%	Democrat: 52%
Convention delegates:	Republican: 30	Republican: 35	Republican: 100
	Democrat: 36	Democrat: 82	Democrat: 244

*Persons of Hispanic origin may be of any race. Sources: Bureau of the Census; Bureau of Labor Statistics; American Bankruptcy Institute; Congressional Quarterly

Close race likely in serious Wisconsin

By George Graham in Milwaukee

WISCONSIN'S primary today may prove a closer contest than New York's for the two remaining contenders for the Democratic presidential nomination, Governor Bill Clinton of Arkansas and former Governor *Jerry Brown of California.*

Mr Brown held an early advantage, gaining from some early visits to the state while Mr Clinton was still concentrating money and time on New York.

Local opinion polls, however, have produced wide variations: a poll from St Norbert College Survey Center, in Green Bay, showed Mr Clinton ahead with 44 per cent of the vote, to 33 per cent for Mr Brown, but a later sampling by Mason-Dixon, a Washington-based research group, reversed this picture, with 46 per cent for Mr Brown and 37 per cent for Mr Clinton.

Private polling by the two campaigns suggest the ballot could be very close and both candidates took quick breaks from New York to campaign in Wisconsin on Friday. Mr Clinton left his wife, Hillary, behind to represent him at a state Democratic party dinner, while Mr Brown's 83-year-old mother, Bernice, flew in to help her son.

Wisconsin has played a critical role in many presidential elections.

In 1944, it killed off the candidacy of Mr Wendell Wilkie and, in 1976, it helped Mr Jimmy Carter head off the challenge of Mr Morris Udall. But Wisconsin is also unusual political territory, drawing on its Germanic roots to devise its own brand of activist and scrupulously honest politics, a brand which found its expression in Mr Robert LaFollette, who was elected governor in 1900 and then went on to the Senate before running for president in 1924.

"What makes Wisconsin a little bit unusual is its old progressive populist tradition, which has always appreciated the renegade outsider who wants to run against the system. Clean politics, clean government, that has always been a tradition here," says Professor John Johannes of Marquette University, in Milwaukee.

This tradition ought to benefit Mr Brown, but Wisconsin has also often helped somewhat more conservative Democratic candidates. It favoured Mr John Kennedy over the more liberal Mr Hubert Humphrey in 1960, and Mr Michael Dukakis over the Rev Jesse Jackson in 1988.

Wisconsin has also elected, in the person of Governor Tommy Thompson, perhaps the most activist Republican governor in the country, and appears to have swung behind his often controversial experiments in welfare reform.

As in so many states previously, Mr Clinton has assured himself of the backing of most of Wisconsin's Democratic hierarchy, from the chairman of the state party, Mr Jeffrey Neubauer – who describes Mr Brown as "a charlatan" – to former Senators William Proxmire and Gaylord Nelson.

Clinton campaign managers in Milwaukee also say they have received a substantial boost from Senator Tom Harkin from the neighbouring state of Iowa, who threw his weight behind Mr Clinton after abandoning his own candidacy. But Mr Brown has become skilled at the political ju-jitsu of turning his rival's strengths to his own advantage, by depicting such endorsements as proof that Mr Clinton is the candidate of the status quo.

Neither candidate, however, has captured Wisconsin's imagination, and their duel has aroused far less passion than the concurrent elections for mayor of Milwaukee and judge of the county court.

Nor have Mr Brown or Mr Clinton overcome the widespread distrust of politicians that has marked this election year.

"We have our politicians and we have our murderers. They're all together, same difference," said a waitress at Schuster's Family Restaurant in Milwaukee.

She knows something about both species, for she counted among her regular customers, until he was elected senator and went off to Washington, Mr Herb Kohl, owner of a Wisconsin supermarket chain and of Milwaukee's less than spectacular basketball team; and also Mr Jeffrey Dahmer, until he went to prison for at least 17 grisly murders – one of them Schuster's third-shift cook.

Wisconsin boasts one of the most active and serious electorates in the country. Turnout is typically 10 to 12 percentage points higher than the national average, and even in primaries voters have tended to favour electable candidates, rather than using their votes to send a general message of discontent.

This time, however, the protest vote could be a factor to be reckoned with.

"Voters are resigned to the fact that Clinton is going to win the nomination so they can afford to be reckless," concludes Prof Johannes.

Centre of attention: Jerry Brown is surrounded by the media at an abortion rights rally in Washington

Trustee plan by Fed to sell First American

By Alan Friedman in New York

THE US Federal Reserve Board plans to propose that a special trusteeship be created to allow the sale of First American Bancshares, the troubled Washington-based bank that was secretly and illegally controlled by the collapsed Bank of Credit and Commerce International (BCCI).

A US official said the plan was discussed yesterday by federal officials at a meeting in Washington. The aim would be to allow First American to be recapitalised as soon as possible.

The bank, BCCI's biggest US investment, suffered a more than doubled 1991 loss of $358m and needs to raise new capital immediately. Its equity base shrank last year from $711m to $422m, while total assets dropped to $8.4bn from $11bn in 1990.

Deposits at First American, *which operates in four states,* fell from $9bn to $7.1bn last year as worried depositors withdrew funds from the six banks owned by the group.

The trusteeship plan would implement a March 1991 Fed order instructing BCCI to divest itself of shares in First American held by Credit & Commerce American Holdings NV (CCAH), a Luxembourg holding vehicle which featured several nominee shareholders who were described by the Fed last year as "front men" for BCCI.

The move would almost certainly rekindle the dispute over First American's ownership, as it could trigger responses from BCCI figures such as Sheikh Kemal Adham, a key shareholder and former head of Saudi Arabia's intelligence service.

The plan, which may require a court ruling, could also affect the government of Abu Dhabi, which holds 28 per cent of First American and was also majority owner of BCCI, now in liquidation.

A US official familiar with the Fed plan said the aim was to allow the bank to be sold, possibly placing the cash proceeds into an escrow account.

"We want to transform the First American stock into cash and then let the various parties fight over the cash. The important thing is to make sure the bank survives and is well capitalised," said the official.

Mr Nicholas Katzenbach, the new chairman of First American, has said that several large US banks have expressed an interest in acquiring parts of First American.

Three months ago the bank agreed to sell its Georgia operation to South Trust Corporation of Alabama. The New York operation, consisting of two Manhattan branches and 40 offices elsewhere in the state, is also understood to be on the block.

Controversy over First American has focused to a large extent on the state and federal investigations of Mr *Clark Clifford and Mr Robert* Altman, respectively the former chairman and president of the bank, who resigned last August.

Both have denied having known of BCCI's secret control of First American although former BCCI officials have testified in the US Senate to the contrary.

First American has not been accused of any wrongdoing, although congressional investigators are still looking into the types of accounts maintained at the bank by the Central Intelligence Agency.

The CIA channelled funds to pay for US covert operations through BCCI branches, but has described its accounts at First American as normal.

Europeans, Japan seek larger IADB shareholding

By Stephen Fidler, Latin America Editor, in Santo Domingo, Dominican Republic

JAPAN and European governments have begun efforts to enlarge their shareholding in the Inter-American Development Bank. Japan's contribution to the bank's operations justified a bigger shareholding, according to a *Japanese Finance Ministry* official. Japan has also been seeking to have Japanese personnel play a bigger role in the bank.

Some European officials, including one from Germany, have also been seeking a larger shareholding.

Member governments from outside the Americas currently hold only 7.2 per cent of the capital, and some would like to see this doubled.

As informal discussions start about a new capital increase for the bank, German officials said they favoured an increase. However, a smaller increase than the $40bn (£23.2bn) proposed by some Latin governments would be sufficient for the bank to maintain its real lending levels, they said.

The bank was dealt a blow ahead of its annual meeting by the refusal of the US Congress last Thursday to fund new foreign aid programmes. But Mr Enrique Iglesias, the IADB president, said he remained hopeful that such finance would eventually be forthcoming.

Included in the bill was the initial US contribution for the *$1.5bn* Multilateral Investment Fund (MIF), and relief on debt owed by several Latin American states to the US government. Both formed part of President George Bush's Enterprise for the Americas initiative.

The IADB would administer the fund, for which $1.2bn had been *committed. Japan* has agreed to match the US proposed contribution of $500m, but is believed unlikely to provide support in the absence of US funding.

Mr Iglesias said his optimism was based on the continued support of the US administration for the initiative.

Hopes rise for accord on Argentine debt

By Stephen Fidler

HOPES were high yesterday that the Argentine government could reach imminent agreement with leading commercial bank creditors on a plan aimed at reducing and restructuring the country's foreign bank *debt. However, yesterday* morning differences remained between the two sides that could yet delay a deal.

There were hopes among Argentine officials and the banks, led by Citicorp of the US, that an agreement in principle could be announced with fanfare at the annual meeting of the Inter-American Development Bank in Santo Domingo which formally ends tomorrow. The Argentine delegation is led by Mr Domingo Cavallo, finance minister.

A number of European banks and one Canadian bank remained unhappy yesterday about certain aspects of the accord which other leading banks believed acceptable.

One central difference between the two sides was how much of the $8bn of interest arrears the government should pay immediately. Some banks are holding out for $900m in *cash*, while the Argentines have said they will pay immediately only $400m in cash and the rest in Argentine bonds backed by US Treasury paper, to the value of $400m. Some banks are questioning why this cannot all be paid in cash. The sum not paid straightaway will be paid in Argentine bonds.

Other differences include the interest rate on the so-called par bonds which pay pre-determined interest rates.

While no specific agreement has been on the rate of discount on the floating-rate bonds to be offered banks in exchange for their loans, the accord seems likely to settle on a 35 per cent level.

Apart from the $8bn of arrears, about $24bn of medium-term bank debt will be covered by the agreement. The deal, under the debt relief plan named after Mr Nicholas Brady, US Treasury Secretary, is being supported by loans to Argentina from the IMF and other institutions.

This finance provides guarantees for the concessional bonds which Argentina will issue to banks in exchange for their debt.

Hopes that Brazil would also secure an agreement in principle with banks at Santo Domingo were abandoned last week when a temporary suspension of talks was announced. Brazilian officials had apparently considered such a deadline would unduly pressurise them.

Inflation in Argentina rose by 2.1 per cent in March, the government has reported, writes John Barham in Buenos Aires.

Although lower than expected, inflation remains stubbornly resistant to the country's rigidly orthodox monetary and fiscal policies.

Last month's increase was a fraction lower than February's 2.2 per cent rise, and far less than the 11 per cent increase in March 1991. However, prices have risen by 30.2 per cent over the past 12 months despite a fixed exchange rate.

Inter-American Investment Corp plans face difficulty

By Stephen Fidler in Santo Domingo

THE Inter-American Investment Corporation (IIC), the affiliate of the Inter-American Development Bank set up to stimulate private sector development in Latin America, is facing difficulties in expanding operations.

It needs to borrow about $220m (£128m) from its parent to expand, having committed $175m to investments since start-up in 1990. It has paid-in capital of $200m and can borrow that amount plus its accumulated reserves.

However, the bank is apparently only able to lend to the corporation at the floating interest rate it lends to member countries. Some IIC officials think this may be too high for the early phase of an organisation which concentrates on relatively high-risk private-sector operations.

Mr Gunther Muller, IIC general manager, has said he expects informal discussions to start over an increase in capital for the corporation in Santo Domingo. These talks would probably run parallel with the IADB capital increase.

He described the *corporation's operations* so far as a "pilot project", adding: "We should probably be five times as large."

Brazil acts as influx of dollars threatens anti-inflation policy

By Christina Lamb in Rio de Janeiro

THE Brazilian Central Bank is trying to slow the recent rush of dollars into the economy, threatening the government's anti-inflationary policy.

An excess of dollars is an ironic problem for a country which just six months ago had to suspend the gold operations of its central bank because reserves had reached critical levels of $7bn, below which debt payments are halted.

But in the past four months Brazil has had net inflows of $9bn. This has been the result of an increase in export contracts and a flood of foreign investment, attracted by cheap prices on the stock exchange and high real interest rates, as well as increased confidence in the Brazilian economy.

To stop this jeopardising the government's tight monetary policy, the Treasury has had to soak up the extra liquidity by issuing bonds at interest rates of 30 per cent a year, which has produced a staggering rise in domestic public debt.

Between September and February this grew 87 per cent above inflation. This compares to a 30 per cent growth in the whole of the government's preceding 22 months in office since President Fernando Collor's asset freeze in March 1990 which reduced treasury debt from $54bn to $5bn overnight.

The increase in domestic debt, coupled with falling tax revenues, has led to fears that Brazil will fail to meet the fiscal targets set in its recent accord with the International Monetary Fund but the Economy Ministry insists the situation is under control.

Market estimates put current foreign exchange reserve levels at $15bn. Last week Mr Collor warned that the government must take care to prevent reserves reaching $20bn too rapidly.

As a first step, the central bank has halved to 180 days the maximum period of anticipation on foreign exchange contracts for exports to stop exporters using the money for speculating in the financial markets to take advantage of high interest rates.

Drought pulls the plug on much of Colombia

By Sarita Kendall in Bogotá

POWER cuts of at least eight hours a day have been imposed all over Colombia in an effort to cope with a drought that has reduced the water for hydro electric plants. There is little prospect of rain, and reservoirs are drying into baked mud. If this continues the country *could face a complete black-out* by the end of April.

The winter rains are late and the El Niño current off the Pacific coast appears to be upsetting normal weather patterns. But bad planning, heavy debts, corruption, budget deficits, deforestation and poor management *are behind the* electricity problems.

Colombia's generating capacity is 8,200MW, more than adequate for normal demand levels. Despite the country's ample coal and oil reserves, 78 per cent of power comes from large, expensive hydro-electric schemes which have pushed the sector's foreign debt up to more than $5bn.

To try to save on costs, electricity companies have been running down the reservoirs rather than *use thermal plants* at full capacity. Labour and financial problems have also delayed the maintenance of thermal power stations, while guerrilla attacks have put distribution lines out of action.

The rationing aims to cut overall consumption by about a *third. The government* has asked industry to shut down for 10 days over Easter and to send workers on holiday.

Company's deadline passes for return to work

Caterpillar strikers defiant

By Barbara Durr in Chicago

THE United Auto Workers' five-month-old strike at Caterpillar, the world's largest maker of earth-moving equipment, appears to have held firm yesterday morning, despite a deadline set by the company for workers to return.

The company, based in Peoria, Illinois, has demanded that all striking workers return under the terms of their last contract offer or risk losing their jobs.

It said if striking union members failed to come back to work, it would begin recalling laid-off employees and hiring permanent replacements.

Only a handful of the 12,600 striking workers were reported to have crossed picket lines by the deadline yesterday morning. The company said the number was "not as many as we'd *hoped for*". The UAW's preliminary count was only about eight.

No violent incidents were reported despite widespread anger among union members. The UAW's main branch in Peoria said that non-stop meetings were held through the *weekend to calm irate workers.* Mr Jerry Baker, chief of the UAW's local bargaining committee, said that emotions were running high and that the union was trying to avert any violence at company gates.

"It's a very volatile situation and I'm afraid that just a spark could set things off," said Mr Baker.

The company said the deadline was only the beginning of a process and that it expected that more strikers would return to work in the days ahead.

It also acknowledged the union's frequently repeated claim that it will be difficult to find replacements for Caterpillar's highly skilled workforce and that training would have to be fairly extensive.

JVC investigated under Japan's anti-trust laws

By Steven Butler in Tokyo

JAPAN's Fair Trade Commission is investigating Victor Corporation of Japan (JVC) for possible violation of Japan's anti-trust laws.

The case illustrates the growing assertiveness of the FTC in taking on mainstream Japanese companies and raises fundamental questions about business practice in Japan.

The case may prove to be a landmark, since it could determine the extent to which companies which hold patents covering standard electronic formats can control the sale of products using those formats.

In this case, JVC, which holds patent rights on the widely-used VHS video format, is alleged to have prevented C&B, a small Japanese computer service and product development company, from marketing an improved VHS video recorder which it developed in 1986.

Even if the facts of the case are confirmed, the FTC would be breaking new legal ground if it concluded that JVC's behaviour constituted an abuse of its market position and therefore a violation of antitrust law.

JVC yesterday said: "We fully believe that JVC has never done anything that infringes the law." C&B, which stands for computers and business, had developed an address system for a video recorder that allowed a video machine to be operated by a computer. It subsequently signed contracts with NEC Home Electronics and Sharp, which made the machines on an original equipment manufacturing basis.

After first shipments, however, NEC and Sharp held discussions with JVC and then stopped production of the machines. Mr Kim Moon-Jae, president of C&B, says he was told that JVC, as holder of the VHS patent, would not let them proceed.

JVC confirmed that the case has been investigated by the FTC. It said however that it was important for JVC to assure compatability of VHS products.

A spokesman said: "If many different systems came out perhaps consumers will be confused. JVC has to watch carefully to see whether it is good for the consumers."

Mr Kim said that C&B lost Y5bn (£21.5m) as a result of having production of the video recorders halted. Its annual sales have plunged from Y1.5bn five years ago to Y150m today.

Should the FTC rule against JVC, it would only be able to issue a cease-and-desist order. In principle, C&B could bring a suit to recover damages, but this would be difficult in the Japanese courts.

Although the dimensions of the case appear small, the issues have international implications.

GKN establishes foothold in Asean markets

By John Griffiths

GKN, the UK-headquartered components and industrial services group, is establishing a foothold in the fledgling motor industry of the Association of South East Asian Nations (Asean), seen as one of the world's main growth areas for cars and trucks.

It is doing so through a joint venture in Malaysia, from which it expects to supply constant velocity driveshafts – an essential component of all front wheel drive cars – to vehicle assemblers throughout the regional grouping. Asean comprises Malaysia, Indonesia, the Philippines, Singapore, Thailand and Brunei.

The venture is small in financial terms, but is seen by GKN as an important strategic move. It forms part of a matrix of joint ventures set up by GKN within the past few years, and which are now contributing nearly £50m to its annual turnover.

They include ventures in eastern Europe, regarded by GKN as the world's other main *region offering the best* prospects for medium-term growth.

GKN's Malaysian partners are Permodalan Nasional Perhad (PNB), a Malaysian government investment fund, and AAE-Holdings, a Penang-based development company.

The venture is to be known as Asian Driveshaft and initially, GKN will own 50 per cent, PNB 37.5 and AAE the remainder. However GKN, which is investing up to £2m in the company, eventually is to reduce its own holding to 40 per cent with the expected participation of other, non-Malaysian Asean shareholders. The plant is to begin production in mid-1993.

With the venture, GKN stands to benefit from Malaysian government legislation requiring the country's current 10 assembly plants, producing a total of 18 different makes of vehicle, to raise the value of locally made components

Initially, "local" content must comprise 30 per cent of the completely knock-down (CKD) value of the imported kit of parts from which most vehicles are assembled.

Output is expected to rationalise around Malaysia's own "national" car project, Proton, making around 100,000 vehicles a year, and a handful of Japanese manufacturers. Honda, Toyota and Nissan, the current market leaders, assemble 7,000-11,000 units each.

The Malaysian market, at just under 200,000 units, is the largest in Asean.

However, the full market potential for GKN lies in the quasi-free-trade arrangement for motor components being worked out within Asean which would give it access to the five other Asean states.

Trade accord vital, says ICI chief

By David Dodwell, World Trade Editor, in London

SUCCESSFUL completion of the Uruguay Round of negotiations on world trade liberalisation is "the key prerequisite" for future growth in the international chemicals industry, according to Sir Denys Henderson, chairman of ICI.

He challenged recent forecasts by the International Monetary Fund and the Organisation for Economic Co-operation and Development that the world economy would soon emerge from recession, insisting it would take until the sec*ond half of the 1990s for strong* growth to return.

This would lift world production of chemicals by 50 per cent to about $1,500bn (in today's dollars) (£860bn) by the year 2000, he predicted. Strongest growth would come in the Asia Pacific region, which is set to become as important a market as Europe, and in eastern Europe, which is at present a virgin market, but would rise to $150bn by 2000. Without trade reforms, output would fall "well short" of these predictions.

"In my 35 years' experience of international business, I have never seen greater uncertainties about the short-to-medium term outlook," Sir Denys told a conference in Paris on *world trade and investment*. "Surely it is completely unacceptable, with 85 per cent of the many complex trade problems already settled (in the Uruguay Round of trade talks) that the agricultural issues which require to be resolved should be allowed to jeopardise the 93 per cent of the world trade which is not related to agriculture."

Ashley Ashwood

Sir Denys Henderson: challenged IMF and OECD forecasts on early end to world recession

His comments follow a call last week by the International Council of Chemical Associations (ICCA) for a swift resolution of the trade talks, which began in 1986 and have been stalled for 15 months. Mr Arthur Dunkel, director general *of the General Agreement* on Tariffs and Trade, conceded last week that his most recent deadline of Easter for completion of the talks is likely to be missed. Hopes for progress are now focused on a Washington meeting on April 22 between US President George Bush and EC President Jacques Delors.

The ICCA, which claims to represent 70 per cent of the world chemicals industry, says the sector is already being affected by delay. "The industry is global and depends on open markets and agreed international rules," a statement said. It warned of emerging bilateralism and discrimina*tory trade regimes if the* Uruguay Round were to fail.

The chemicals industry, along with pharmaceuticals, has offered worldwide harmonisation of tariffs at 5.5 to 6.5 per cent, and the abolition of non-tariff barriers. In exchange, it hopes the Round will give stronger protection to patents, and more freedom to invest internationally.

This need is well illustrated by ICI, one of the world's largest chemicals companies, which has more than half of its annual sales of Ecu 18bn (£13bn) outside Europe, manufactures in 40 countries, and has sales operations in 150.

After slow growth in the first half of the 1990s, Sir Denys sees chemicals output growing to about $500bn by the end of the decade – a rise of about 39 per cent from $360bn in 1991. The US will grow by a more modest 30 per cent, from $270bn in 1991 to $350bn by 2000.

NEWS IN BRIEF

GEC-Alsthom group wins £550m China power deal

A consortium led by GEC-Alsthom, the Anglo-French power company, yesterday won a £550m contract to build a power station in southern China, writes Simon Holberton in Hong Kong.

The order – for two 655MW coal-fired units – was placed by a joint venture company owned by Guangdong General Power Company and Hopewell Energy, a subsidiary of Mr Gordon Wu's Hopewell Holdings.

The units, to be known as Shajiao C, will be built in the Pearl River delta, 60 miles south of Guangzhou. In keeping with Mr Wu's reputation for speedy construction, the first unit is due for completion within 33 months and the second just three months later.

GEC-Alsthom is responsible for the design and engineering of that power station and for the supply and commissioning of the steam turbines and balance of the plant. A subsidiary of Hopewell, Slipform Engineering, will carry out the civil engineering work and ABB Combustion Engineering will supply the boiler islands.

About £300m of the work will be carried out in Europe, the vast bulk in the UK.

Guangdong, as the fastest growing region in China, has a huge need for electric power. Provincial authorities forecast a near 50 per cent increase in installed electricity generating capacity by the end of 1995.

Feature: Guangdong province, Page 19

US, Japan in paper market accord

US and Japanese negotiators have reached a five-year agreement to open Japan's $27bn (£15.5bn) paper and paperboard market to foreign suppliers, writes Nancy Dunne in Washington.

Tokyo promised to encourage Japanese paper distributors, printers and users to develop long-term relationships with foreign producers, implement non-discriminatory purchasing practices and adopt written purchasing guidelines, for both domestic and foreign suppliers.

The Japanese government will focus particular efforts on food, cosmetics, pharmaceutical and publishing industries.

SNC in $300m Vietnam gas deal

SNC, Canada's biggest engineering group, has been chosen by Vietnam to build a 90-mile natural gas pipeline and a liquefaction plant worth well over US$300m (£172m), writes Robert *Gibbens in Montreal*.

The gas is produced with oil from the White Tiger field in southern Vietnam. The liquefaction plant will be built at Vung Tao, a southern port.

SNC, with an international equipment maker as partner, would be project manager.

Czechs start export guarantee firm

The Czechoslovak federal government has set up an Export Guarantee and Insurance Company (EGIP) to provide greater security for exports and promote trade, writes Ariane Genillard in Prague.

The agency will offer, on a commercial basis, guarantees on credits linked to exports and insure trade transactions against economic and political risks. Its base capital will initially amount to 1bn Czech crowns (£19m), with shareholders being public institutions such as the federal government and the Czech and Slovak governments.

EGIP will have no territorial restrictions but may exclude some countries, however, on the basis that insurances premiums would become too costly, according to Mr Pavol Parizek of the federal Finance Ministry. The agency could become instrumental *in helping the ailing trade between Czechoslovak companies and* their traditional partners in the former Soviet Union.

ELECTION 1992

Kinnock makes employment top priority

By Michael Cassell, Business Correspondent

MR NEIL Kinnock yesterday made an immediate reduction in unemployment his first priority for a Labour government and said he was not prepared to abandon the ambition of "a fully working economy".

In spite of the party's recent efforts to reduce expectations that full employment remains an attainable objective, Mr Kinnock said he wanted eventually to ensure that there were "jobs available for just about everybody who is looking for a job".

He acknowledged that the target of full employment "might miss by three quarters to 1m" depending on the demand for skills and the impact of technological change, but it was possible to move towards full employment. His remarks followed a lecture to businessmen and academics on a day when senior Labour figures lined up to attack the government's failure to combat the recession and to claim Labour alone would end it.

Mr John Smith, the shadow chancellor, said Labour knew the recession "will not cure itself" and that the voters realised time was up for a "do-nothing, no-change government". Mrs Margaret Beckett, shadow chief secretary to the Treasury, said independent forecasters accepted that Labour policies would lead to higher growth and lower unemployment. Mr Gordon Brown, shadow trade and industry secretary, said the government as "agents of the recession can have no credibility as authors of recovery".

Mr Kinnock said in his lecture that the past 13 years had represented "a vicious circle of low investment and falling competitiveness, leading in turn to lower investment".

The government, he said, had built its economic strategy around the proposition that the only economic task of government was to pursue an anti-inflationary policy and it had no responsibility for the supply side of the economy "other than to undertake deregulation, privatisation and tax cuts as often as possible".

He denied suggestions that his party's plans for personal taxation would hinder economic recovery and said the proposed tax rates compared favourably with those in Europe. He added: "The idea that somehow Britain will become an isolated place of high taxation, inflicting disadvantages on itself by comparison with its competitors is simply not supportable".

Labour's economic strategy, he said, was designed to "break the British habit of taking the soft option of consumption-led growth and to replace it with the sustainable power of investment-led growth".

He claimed that Labour's proposed Budget would this year halt growth in unemployment and reduce the number of jobless by 300,000 in 1993. Growth in real earnings would be 50 per cent higher as a result of Labour's plans.

Jobs top Govan voters' concerns

By Bethan Hutton

UNEMPLOYMENT tops most voters' concerns in Govan, an inner-city district of Glasgow with a large amount of run-down housing and drug-related crime. Unemployment is 14.6 per cent, slightly better than elsewhere in Glasgow.

Govan is a marginal in a city of safe Labour seats. Mr Jim Sillars won the seat for the Scottish National party in a 1988 by-election, overturning a Labour majority of almost 20,000, shaking Labour out of complacency about its hold over Glasgow. Mr Ian Davidson, a Strathclyde regional councillor, is working hard to win the seat back this week. Both parties claim to offer the best deal on jobs.

Glasgow has a history of sectarianism and Govan has slightly more Protestant voters than Catholic. Traditionally, Catholic voters incline more towards Labour than the SNP.

Mr Sillars predicts an increased SNP majority, Labour says it will take the seat back, and the posters seem evenly divided. This is still a seat to watch.

THE Church of Scotland yesterday entered the election *debate with a strongly worded* attack on the government's social and economic record.

The annual report of the church and nation committee *says the human cost of unem*ployment is unacceptable and last year's comment by Mr Norman Lamont, the chancellor, that unemployment was "a *price worth paying" to bring* down inflation, was "hollow and cynical."

Warning on RAF bases

MR TOM KING, the defence secretary, yesterday warned voters in north-east Scotland that the two RAF bases in the area would ultimately close if Scotland became independent under the Scottish National party. James Buxton writes.

The two bases, Lossiemouth and Kinloss, are in the Moray constituency where the defending MP is Mrs Margaret Ewing, the SNP's parliamentary leader. Between them they employ about 5,000 military and civilian personnel and are an important source of secondary employment.

In Elgin, Mr King said: "Vote SNP and you ultimately say goodbye to RAF Lossiemouth and RAF Kinloss."

Political advertising may not be working

Gary Mead finds that the parties' message seems to be falling short of the medium

TO SPEND £30m on marketing – as collectively the three main parties will probably have done by April 10 – with little impact on ratings might seem evidence of very poor planning. But the tighter the race, the more dervish-like will be the marketing frenzy.

Each party has recruited commercially successful advertising agents but the view among a number of seasoned advertising people is that none of the parties is shining.

The Liberal Democrats use the agency TBWA-Holmes Knight Ritchie, with the effervescent Alasdair Ritchie at the helm. Labour has assembled a team with Chris Powell – described as "coldly intellectual and very private" – of BMP DDP Needham, and the reticent Philip Gould of Philip Gould Associates. The Conservatives have again opted for Saatchi & Saatchi, with the equally distant Charles Saatchi pondering the posters.

However, talent and experience cannot compensate for fundamental flaws. The first requirement of any advertising agency is a clear outline of the client's strategy: what is the product and what is to be said about it?

According to some experienced London-based advertising executives, none of the three main parties seems to have developed such a core brief. More importantly, the financially stronger Conservative party – with perhaps £20m to spend, against Labour's £8m and the Liberal Democrats' £2m – is not, apparently, getting value for money.

Adam Lury, of Howell Henry Chaldecott Lury, believes Conservative advertising has failed, compared with that of the other main parties. He said: "What they [the Conservatives] got right in previous campaigns was to pull out a salient image, to touch a nerve. 'Labour isn't working' [in 1979] was a crystal-clear image. They haven't produced anything like that this time."

Gary Duckworth, of Duckworth, Finn, Grubb, Waters, said: "The Tories had one great hit before the election started – 'Labour's Tax Bombshell'. They handled it perfectly, the poster said one thing, the broadcast followed up and the media analysis was forced to really focus on Labour's tax proposals. I thought, 'here comes the Tory election machine in its oiled magnificence', but now they seem to have completely lost it."

Shaun Woodward, the Conservative party's communications director, denies that Conservative advertising has been negative. The party has started running full-page advertisements in national tabloid newspapers, one of which features a 10-point list of Conservative "achievements", under the slogan "Everything Britain Has Won, Labour Would Lose".

The Tories are also using 7,000 poster sites carrying large images of John Major amid smiling children, with the slogan "The Best Future For Britain", a more positive image than they have used for much of the campaign.

Woodward said: "One thing that's always a marker of a Conservative campaign is that they peak at the right moment – on polling day."

Brendan Bruce, Conservative party communications chief under Margaret Thatcher, believes the Conservatives' poor showing in the polls reflects a much deeper problem than whether a particular advertisement is considered effective.

He said: "The Tory party has failed to take the media along with its emphasis on negative campaigning. The problem is not the execution of the strategy but the strategy itself."

Duckworth supports that. He said: "Labour have got a coherent strategy, like it or not." Labour's slogan, "It's Time For A Change – It's Time For Labour", underlined in red, had been a consistent part of its campaign.

However, he feels the advertising has been weak overall. He said: "I don't think that Labour, the Conservatives or the Liberal Democrats have thus far come up with an image of the potency or simplicity of 'Labour Isn't Working'. It's still the definitive political ad."

Robin Wight, of WCRS, is a former Conservative candidate. He says the party's marketing is doing an excellent job in a grave economic context. With recession, unemployment and a depressed housing market, the party's advertising had worked well in keeping down Labour's lead.

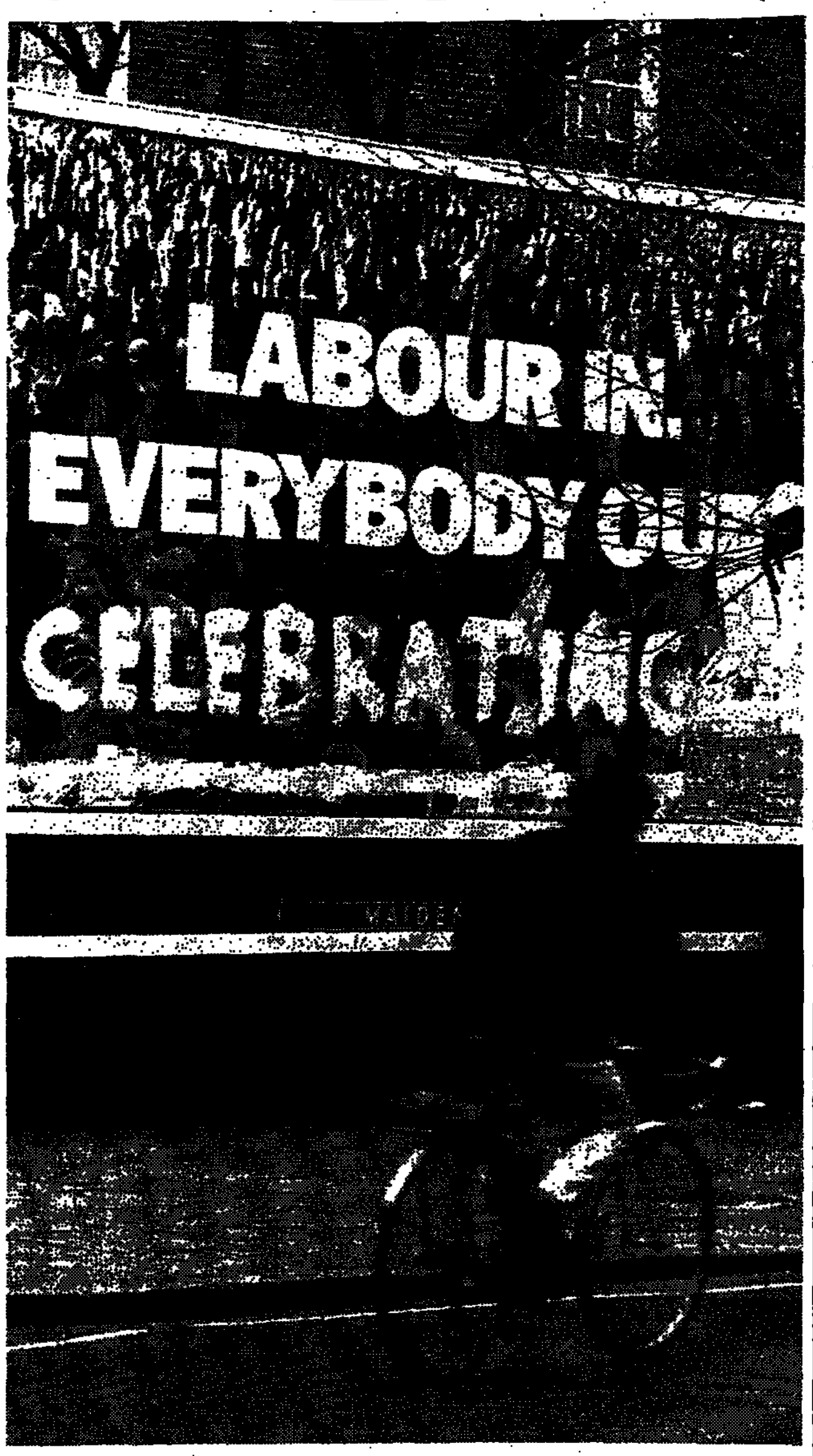
Barry Day of Lintas, who was once a speechwriter for former prime minister Edward Heath, said he looked at what the parties were doing with "a degree of horror. "It's very 1970s in advertising terms. Big images, heavy typeset words, almost all verbal puns. The voter, I suspect, will find it far too clever – communication people's communications," he said.

Carol Reay, of Reay Keating Hamer, said: "The conduct of the campaign on the advertising front has been atrocious. The campaign is just so squabbly, although the Liberal Democrats are a shining light by comparison with Labour and the Tories. Our research shows that people like the Lib Dem advertising a lot."

The Liberal Democrats have ran a consistent theme – the yellow circle with "My Vote" adorns all posters and advertisements – but there has been confusion about what it actually means.

Carol Reay believes that many electors are now quite jaundiced: "Political advertising in the main is just 'let me tell you a completely biased fact' and there isn't much control.

"When you are talking about the very democratic process of this nation you'd think it would be a bit more important than washing powder and aftershave."



Lydia van der Meer

Turning the tables: a graffiti artist has sabotaged a Tory party poster in central London

Natural Law springs a surprise in the poster war

By Gary Mead, Marketing Correspondent

THE BIG surprise of the poster war has been the sudden late emergence of the Natural Law party, which since last Thursday has booked more than 6,500 poster sites across the UK at a *cost of some £250,000.*

Mr Alan Simmons, managing director of Concord Posterlink, the UK's largest specialist outdoor buying agency, was "fully contemplating red hot news at the end of the campaign but it's just not there" – the three main parties have not increased their weight of posters from one week ago.

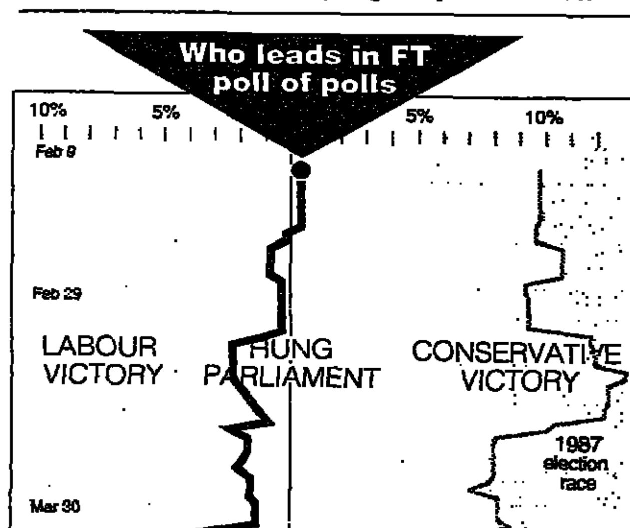
Mr Simmons' company completed its latest intelligence gathering yesterday. It revealed that the Conservatives were *occupying 4,500 48-sheet* sites, Labour 2,200 and the Liberal Democrats 500 – the same figures as at the end of March. The Natural Law party has spent its money on buying much smaller 32-sheet, 16-sheet and four-sheet poster sites.

A further surprise for Mr Simmons has been the failure so far of leading brewers to step in and hand over pre-booked sites to the Conservatives – "the first time for many decades that *has not happened.*"

Concord Posterlink's research indicates the Conservatives have spent most on posters, about £1½m throughout the campaign, with Labour (£750,000) and the Liberal Democrats (£175,000) trailing. Mr *Simmons described the Conservative* poster campaign as "saturation coverage"; a typical large consumer product might occupy some 2,000 48-sheet sites for a month, or at most *3,500 for one* week.

According to Mr Simmons "it is getting a bit too late for any of the parties *to* organise a late blitz on the poster front". He expected no dramatic changes in the advertising campaign in the last few days.

The Conservative party yesterday launched a new poster which attempts a positive image. It features a beaming John Major next to smiling schoolchildren. However, by yesterday *afternoon the graffiti artists* in north London had already been out in force, adding a neat, small black moustache to Mr Major's face.



	Last night's FT forecast	Latest opinion poll	Betting odds	Futures trading
Conservative	292 seats	37%	9/4	293
Labour	307 seats	38%	1/3	307
Liberal/Dem	27 seats	21%	400/1	27
		(Harris/Express) Field date April 4-6	Ladbrokes (for most seats)	Dealing on the number of seats (IG index mid-prices)

* Weighted average of six most recent opinion polls computed daily. Does not include telephone polls, panel polls and those that omit sample size or field dates. The graph compares the parties' leads at similar points in the last campaign. The middle line marks level-pegging. If the black line moves left, Labour leads. The Tories lead if it goes to the right.

Media Watch: Ivo Dawnay

True-blue loyalty wearing thin

ARE the Tories being maltreated by the press? The very question sounds a bit of an April Fool given the political bent of the bulk of Britain's tabloids.

Yet yesterday at the end of another less-than-uplifting Conservative news conference, that was the view of one disgruntled spin doctor who claimed that Mr Neil Kinnock was undergoing softer ques*tioning than* his Tory opponent.

Perhaps there is a case to answer. But it is hard to make a judgment about unfair treatment – if, indeed, there is such – without accepting the natural imbalances that stem from a three-term government on the defensive and an Opposition with its tail up.

Morale is all. And though there is barely more than a statistical blur between the two parties in the polls, the contrast in mood between the camps has had its consequences. Two examples emerged yesterday.

In the morning Mr Trevor Kavanagh, political editor of The Sun, asked why the prime minister was raising the dangers of a hung parliament at a time when his party was promising an outright victory. Before the question was even out an irritated Mr Major felt forced to interrupt him.

In the afternoon a hostile reporter shouted a question at Mr Kinnock, demanding to know why he had refused an interview for the 5m readers of *the Daily Mail. Before the* Labour leader had time to respond, a chorus of knowing laughter from his supportive audience of business people *and academics made a serious* response redundant.

"I think you have got your answer." Mr Kinnock replied to a stoney-faced questioner who clearly *thought he had* not.

Labour's media campaign has been a mixture of fast footwork, good planning and good luck. The shadow Budget – the party's opening shot – combined all three. By putting up the stolid Mr John Smith to tough out the hard number-crunching questions with the economics correspondents, Mr Kinnock escaped the ordeal for which he is widely deemed least well equipped.

The luck came when the Conservative reply was to centre on the iniquity of penalising those on £21,000-plus a year, rather than to pick away *at the Budget's seams.*

At the outset, too, Mr Jack Cunningham, the campaign master of ceremonies, made ruthlessly clear he was allow*ing no supplementary* questions: a draconian measure that, nonetheless, made palpable hits well nigh impossible.

With the Conservatives' two *key themes* – "You Can't Trust Labour", and, ditto. Mr Kinnock – both couched in negatives it should have been clear to experienced media manipulators *that their raw* material would run thin over four weeks. So it has proved.

When the charge of disloyalty to the cause was put to one rat-packer from the Tory tabloids yesterday, his reply was splenetic. "What are we meant to do? We have been attacking Kinnock for eight years, it is as exciting as cold potato," he said. "The fact is Kinnock on the run is yesterday's news. The Tories on the *run is a real story.*"

Whatever Labour might say, there is no question that their leader has been sheltered to some extent from the worst of the press rottweilers. What is more, there have been more than a few blunders, but luck has repeatedly seemed *to* fall the people's party's way.

In the now infamous Jennifer's Ear saga, the high emotion of Mr Kinnock's press secretary's tearful confession at the microphone was good television that may actually have worked in Labour's favour. By contrast the same day, poor Mr William Waldegrave, as innocent as a lamb, appeared to be *thrown to the wolves with not* a protective, shepherding Patten or Wakeham in sight.

When the pack smells blood, the wisest course for the wounded *is either to bluff* it out – "A two-point margin will simply dissolve in the privacy of the voting booth, dear boy" – or to go to ground.

Whingeing does not wash.

Increase in jobless hits Tory seats

By David Goodhart, Labour Editor

THE overwhelming majority of constituencies in which unemployment has risen since the 1987 general election are Conservative-held, according to the Unemployment Unit, a research group that campaigns for the jobless.

Une*mployment* nationally is lower than before the 1987 election, but it has risen in 261 constituencies of which the Tories are defending 87 per cent. *Unemployment* is higher in 108 of the 112 constituencies in the south east, 72 out of 84 London constituencies, and 15 of 20 constituencies in East Anglia.

Unemployment is lower in every constituency in Scotland, and in all but two in Wales.

Mr Tony Blair, Labour employment spokesman, said yesterday that the Conservative record on job creation from 1979-1992 ranked only 10th out of 12 within the European Community.

Major appeals to need for integrity

Philip Stephens on how 'gut' instincts prompted a campaign switch

THE journalists who *trooped into Conserva*tive Central Office yesterday morning were not alone in voicing surprise at Mr John Major's choice of the constitu*tion as the* topic for the start of the final phase of the Tory campaign.

Some of his senior colleagues were equally perplexed that the prime minister, faced with a 2-point Labour lead in the opinion polls, had not chosen to shift the election debate to the more resonant ground of the economy.

In fact, the sudden change of tack provided another sign of how Mr Major has come to prefer his "gut" instincts to the advice of the party's professionals. It offered a glimpse also of the tensions that have arisen between Downing Street and Tory Central Office as the Conservative campaign has stumbled through the past three weeks.

Instead of issuing a planned warning on the impact of a Conservative defeat on mortgage rates, living standards and economic recovery, Mr Major chose to dwell for the second successive day on the threat it would pose to the integrity of the constitution.

Mr Douglas Hurd, the foreign secretary, was summoned at short notice from his Oxfordshire constituency to lend his weight to the presentation. The launch of the last-minute campaign to warn voters that a Labour victory would turn economic recovery into slump was postoned until today. Miffed campaign strategists at Central Office said it was not the first time that Downing Street had upset its plans.

Mr Major warned that the Scottish assembly proposed by Labour and by the Liberal Democrats would *foreshadow* the break-up of the union. The opposition parties' enthusiasm for a federal Europe would surrender the independence of *Westminster to Brussels.*

The proportional voting system advocated by Mr Paddy Ashdown and flirted with by Mr Neil Kinnock would be a *recipe for weak and indecisive* government in which backroom deals prevailed over the will of the people.

With a passion he has dis*played rarely throughout* the campaign, Mr Major concluded that, taken together, the policies would represent a real threat to the future of the *United Kingdom – so the* choice on Thursday was one that transcended normal party political differences.

Close colleagues said that *apocalyptic vision was not* something conjured up by the party's image-makers. Just as Mr Major had decided that a soapbox provided a better *medium than the orchestrated* events that dominated the start of his campaign, so now he believed he had found a message to articulate the importance *of the* election.

One aide said last night: "He feels immensely strongly about the constitution and the authority of Westminster and is determined *to put that* across to the voters."

Many of his colleagues, however, are less than convinced that it is a strategy that can pull the Conservatives back from the verge of defeat on Thursday.

They agree that it might persuade some disaffected Conservatives to switch their support back from the Liberal Democrats.

A parallel warning from Mr Hurd that a hung parliament would let Mr Kinnock into Downing Street was directed at the same group of waverers. There is also a chance that waving the flag might also reinforce working-class support in the south-east.

As they contemplate the prospect of the end of 13 years of office, the general view among ministers is that Scotland, electoral reform and Europe are not the issues to set voters rushing to the Conservative cause.

If Mr Major is *to defy the* polls and return to Downing Street on Friday morning, it will be because the electorate fears Labour's economic policies more *than it* resents the Conservatives' recession.

So his colleagues will be relieved when Mr Major returns this morning to tax, mortgage rates and the promise of economic recovery.

ELECTION 1992

Colin Beare

Political landing: Conservative party chairman Chris Patten arrives by helicopter near Bath yesterday to continue his defence of the Tory marginal

Tories signal policy on tax cuts

By Alison Smith and Ivor Owen

FUTURE TAX cuts would be directed primarily at middle-income and lower-income earners, Mr John Major signalled yesterday as he said he did not expect to change the 40 per cent top rate of income tax.

The prime minister also reinforced the message that the widening of the £2,000 20 per cent tax band was the most likely way for a future Tory government to seek to reach its target of a standard tax rate of 20 per cent.

Though stressing that this route to tax cuts was intended to help those on the lowest incomes, the prime minister conceded that those on low pay would lose some of the advantage from lower taxes in reduced income-related benefits, such as family credit.

Speaking at a press conference in Southampton, Mr Major said: "I don't anticipate at the moment changing the 40p tax rate. The tax priorities I have are for the basic rate of 25p to come down to 20p.

"I believe that after the structural changes we have seen in tax, that is the right way to proceed in the years ahead. You don't always have £2.3bn, but there is usually a smaller sum that can now be used in tax cuts by widening that 20p band."

He acknowledged the high marginal deduction rates faced by those on income-related benefits, saying that the problem of withdrawing benefit as income increased was "statistically unavoidable". He added: "I looked at it very carefully when I was a social security minister. What you can do is alleviate the problem, as we have done in changes to the social security system."

His comments came as the Tories again hammered home their message that Labour would stop the recovery. Mr David Mellor, Treasury chief secretary, warned that a Labour victory on Thursday would necessitate an immediate rise in interest rates of 2 or 2.5 percentage points to prevent sterling being devalued.

Mr Mellor argued that Labour's policies would cause an immediate reduction in consumer demand and add about £10bn to costs for industry.

While the Tories are emphasising the extent to which the proceeds of growth can be directed towards spending on public services, they are also keen to maintain the sharp difference between themselves and Labour over tax.

Mr Mellor estimated that the effect of Labour's shadow Budget in the first year would be to raise taxation by £1.89bn. The initial impact, he said, would be all the more damaging because increases in tax and National Insurance contributions were likely to apply from July 1 whereas increased pensions and child benefit were unlikely to be introduced before October.

"This would mean that £450m would be taken out of the economy in higher taxes in the three months between July and October – just as the recovery is getting under way."

Earlier, Mr Major had shrugged off a cut on the face caused by an egg thrown while he was on a walkabout on the outskirts of Southampton.

Though slightly shaken by the incident, he pointed to the generally warm and enthusiastic response of the crowd. "I do not think it's right for politicians to operate a sanitised campaign, cut off from the people they're asking to represent," he said. He insisted his campaign was "gaining momentum".

Quotes of the day

To expect the Liberals to control Labour would be like asking Dads' Army to restrain the Mongol hordes
Douglas Hurd

PR is a precondition to the relationship, in the same way as a key is to unlocking a door
Paddy Ashdown on his terms for a coalition

Thank you, Paddy – don't call us, we'll call you
Michael Heseltine

It is as if Dickens's Mr Micawber is left hanging around with Beckett's Godot
Neil Kinnock claiming the government is waiting for something to turn up to bring economic recovery

To enhance the individual's life so that collectively we're all enhanced . . to try to do stuff out of the mould of the old politics
George Harrison on the Natural Law party's ethos

I don't really know what they stand for. I saw George this morning in an interview and he wasn't really sure what they stood for either
Ringo Starr on the NLP

"Wasn't that John Major?"

Marginal York squares up to a grand old fight

By Chris Tighe

MR Conal Gregory, the Conservative defending the York constituency, insists he is sleeping soundly at night.

This could lead to one of three conclusions: the elegant Master of Wine, holder of the Tories' slimmest majority in Britain, is optimistic, realistic or resigned to defeat.

Officially, of course, Mr Gregory is optimistic about retaining the seat he wrested back from Labour in 1983 with a 3,647 majority and clung on to in 1987 with 25,880 votes against Labour's 25,733 – a majority of just 147.

In conversation, he is realistic, pointing out that York has long been a marginal seat, bouncing since the war between Labour and the Conservatives.

Then he says: "I know, if fairness was anything to play by, that would be a big factor in my getting re-elected."

There are few things on which Mr Gregory and Mr Hugh Bayley, his Labour rival whom he beat in 1987, agree. Least of all Mr Bayley's political hue – "very hard left", according to Mr Gregory, or "chair of the Yorkshire Region Fabian Society", according to Mr Bayley's press briefing.

Mr Bayley, a York University health economist, insists that his campaign has been a clean fight.

The candidates agree that both their parties traditionally enjoy a large bedrock of support in this tightly drawn constituency. Mr Gregory says: "It's the third party which tends to decide the issue."

The superb heritage and upmarket air of York's centre are misleading. The city also has expanses of terraced housing, underpinning its industrial role. York may be the jam but many middle-class voters live in the doughnut of Tory-held rural seats encircling it.

Mr Gregory, who is vocal on consumer affairs, hopes to have York's chocolate and sweet industry, employing 8,000 people, on his side. However, the crucial 6,500 rail-industry voters may prove more elusive.

He is scathing about "sabre rattling" by workers at Brel, the privatised train maker. The workers have been lobbying the government to help British Rail place a £130m order for carriages for Network South-East.

The news during the campaign, in a letter to Mr Gregory from transport minister Mr Roger Freeman, that BR plans to place the order soon, ought in theory to bolster the Tories' electoral chances in York as Brel's works in the city hopes to win the work.

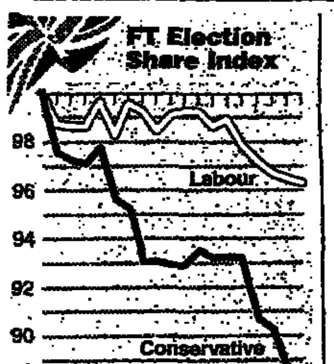
However, Mr Gregory's trenchant criticism not only of Brel workers but also of their privatised management may cost him votes. Government talk of rail privatisation has also triggered anxieties about jobs.

Mr Steve Kenwright of the Green party is more likely to dent Mr Bayley's support than Mr Gregory's. In 1987 the Green party attracted 637 votes.Of greater importance in this fight is Miss Karen Anderson, the Liberal Democrat candidate and a community care development officer employed by the diocese of York.

In 1987 the SDP's vote slumped by 3,625 to 9,898, apparently to Labour's benefit. Miss Anderson says: "It was the tactical squeeze; we think it's already happened."

The Budget's concessions on the Uniform Business Rate should help Mr Gregory but a mere 0.1% swing will cost him his seat.

FT Election Share Index



● Labour win/Conservative defeat stocks.......96.25 - 0.16
● Conservative win/ Labour defeat stocks......88.26 - 0.56
● FT-SE (rebased).......95.19 + 0.76

ON A DAY when the market as a whole recovered from recent gloom, both parts of the FT Election Share Index fell.

Among "Conservative gainers", the biggest losers were Prudential, the insurance company, which fell 6½p to 202p and Forte, the hotel chain, down 7p to 215p. "Labour gainers" which did badly included APV, the manufacturer of food processing machinery, down 4p to 101p; and Rolls-Royce, the aero-engine maker, down 2½p to 150p.

The Conservative portion of the index is now nearly 14 per cent below its level at the start of the campaign.

Fear tarnishes gilded southern realm

David Marsh on the Tory marginals where 'For Sale' signs outnumber party posters

IN THE gilded southern realm of Toryland, the daffodils fluttering on town perimeters have been among the few bright spots in a campaign studded with negatives.

This has not been a time for hope, vision or even the firm announcement of convictions. "For Sale" signs outside houses heavily outnumber party election posters. Across southern England, from Bath to Basildon, voting will be shaped less by ideology than by two sets of opposing fears.

The recession, impinging particularly on service industries and higher-income mortgagors, has chilled middle-class hearts previously uplifted by wealth-creating Thatcherism. Both Labour and the Liberal Democrats are banking on a widespread protest vote by disaffected Conservatives to make inroads in the Tories' southern territories.

For many in the south, however, the present fright over unemployment and bankruptcies is outweighed by a greater fear: that a Labour government could make matters still worse.

By increasing taxes on the better-off and introducing new regulations on business, Labour – so Tories argue – could end up twisting further the stiletto inserted into the southern economy.

Conservative campaigners, heavily pushing the "Fear Kinnock" message, this week are likely to win back thousands of wavering Tories. Nonetheless, disillusionment with the government can be expected to swing several marginal seats to the opposition.

Labour appears to have a good chance of clinching at least one of the two key Southampton constituencies. The party is offering a fresh start, but no magic solutions. Mr Alan Whitehead, the respected leader of Southampton City Council, standing for Labour in the Test constituency, is confident of toppling the Tories' 12 per cent majority. If Labour forms the next government, he says, "We don't kid ourselves we'll be able to solve all the problems or see the British economy basking in sunshine."

The Liberal Democrats, for their part, have concentrated on three seats where the Tories are defending small majorities: Portsmouth South, Bath and Cheltenham.

In places such as these, 1980s prosperity has raised aspirations without being able to fulfil them all. It has also dramatically increased the vulnerability of many to the harsher economic climate. Mr Richard Askew, rector of Bath Abbey, says that, after unemployment, "the most saddening aspect" of the recession is the rise in house repossessions.

Mr Peter Beebe, head of the Southampton chamber of commerce, speaks of the "sledgehammer" effect of the downturn in the city. Council officials in Portsmouth say their city is suffering a "double recession", with cuts in defence spending adding to the impact of the recession.

Many larger and smaller businesses, clearly, are resolved to ride out the storm. Mrs Janet Hart, who runs the Cornwallis Business Centre in Basildon, says that of the 40 small companies in her building, half are doing well. The other half face difficulties "but are determined to be there when the upturn comes". A firm Tory supporter, she says: "Things will bounce back."

Beyond the economic problems, evidence of social dislocation abounds – jarring with Conservative claims to represent the party of order and virtue. In most southern counties last year the increase in notifiable crime was well above the national rise of 16 per cent. Crime went up by 34 per cent in Kent, 21 per cent in Avon and Somerset, 20 per cent in Hampshire and 18 per cent in Sussex and Surrey.

In the staid Tory seat of Hove on the south coast, licentiousness is on display just round the corner from the constituency office of Mr Tim Sainsbury, Hove's MP since 1973. In the town last week I handed Mr Sainsbury a set of 15 different brightly coloured advertising cards for call girls, on show in a nearby telephone kiosk. Somewhat wanly Mr Sainsbury – who holds an impregnable 37 per cent majority – said he would be asking British Telecom to investigate.

Against this background, it is not surprising that Tory candidates resort to negative arguments. Mr Simon Coombs, the sharp-tongued Conservative MP for Swindon since 1983, defending a 7.2 per cent majority and a mortgage of well over £100,000 on a home in Kennington in south London, declares: "We offer them [the electorate] negative security. Things would be far worse under Labour. Higher taxes, higher inflation, higher interest rates, higher mortgages, less defence and more government interference."

Mr Nigel Forman, the Conservative incumbent in the safe seat of Carshalton and Wallington, tries to push a positive message when he goes canvassing. But he admits that April 9 will basically be a competition of negatives: "People give us points for being less incompetent [than Labour]."

The prize for negative campaigning goes to Mr David Amess, who has held Basildon for the Conservatives since 1983. He shows exceptional vituperativeness towards his Labour opponent, Mr John Potter. Among his more printable assertions, Mr Amess, a staunch Catholic, criticises Mr Potter's agnosticism.

Even in safe seats, however, Conservatives are ladling out the vitriol. Mr Peter Griffiths, who has sat for Portsmouth North since 1979, commanding a 31 per cent majority in 1987, says Neil Kinnock would be the worst prime minister since the 18th century.

The Tories believe that if Mr Kinnock moves into Downing Street it will be the result of well-packaged knavery. Mr James Hill, the veteran MP for Southampton Test, accuses his opponents of being "tricky little devils".

More thoughtfully, other Conservatives discern deeper factors at work. If the Tories lose, part of the blame will be heaped on the policy of keeping interest rates high during the longest recession since 1930-32. This is a consequence of Britain's decision to join the European exchange rate mechanism in October 1990.

Mr Christopher Chope, a fervent Thatcherite who has been MP for Southampton Itchen since 1983, says: "After the election, all political parties will be doing some hard thinking about the desirability or otherwise of having economic policies influenced by what is going on in Germany."

In Carshalton, Mr Forman has a particular insight into the consequences of ERM membership. Between 1987 and 1989 he was parliamentary private secretary to the then chancellor of the exchequer, Mr Nigel Lawson - a firm supporter of joining the ERM.

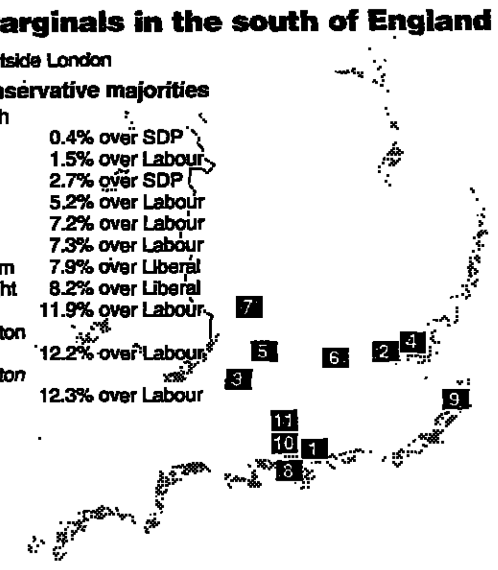
"Whatever the result, this election is likely to be seen as the first British national election in which external factors such as the influence of the Bundesbank have been decisive," says Mr Forman – heralding what could become, once the dust settles, a central component of the Tory post-mortem.

Marginals in the south of England

Outside London

1987 Conservative majorities

1	Portsmouth South	0.4% over SDP
2	Thurrock	1.5% over Labour
3	Bath	2.7% over SDP
4	Basildon	5.2% over Labour
5	Swindon	7.2% over Labour
6	Slough	7.3% over Labour
7	Cheltenham	7.9% over Liberal
8	Isle of Wight	8.2% over Liberal
9	Dover	11.9% over Labour
10	Southampton Itchen	12.2% over Labour
11	Southampton Test	12.3% over Labour



Labour stresses housing 'crisis'

By David Owen

LONDON homeowners have seen the value of their houses decline by £27bn in three years, Labour claimed yesterday.

Outlining a seven-point plan to ameliorate the capital's housing problems, the party said the "crisis" was affecting all sectors from the homeless to those "with mortgage debts bigger than their houses are worth".

The party also moved to reject Conservative claims that a government under Mr Neil Kinnock would bring higher mortgage rates in its wake, arguing that interest rates were historically higher under Tory governments.

"The record is incontrovertible – every time you elect a Tory government, you guarantee that interest rates will rise," said Mr Bryan Gould, shadow environment secretary. "That's what would happen again if people were silly enough to re-elect a Tory government."

Labour's plans include an emergency programme for the homeless, considering letting first-time buyers concentrate tax relief in the early years of their loans and setting up a national housing bank to increase the supply of homes for rent without directly adding to government spending. Among its other functions, the bank would offer a way of recycling local authority capital receipts back into housing without adding to the public sector borrowing requirement. The party is still non-committal about how quickly this recycling would occur, however.

Housing is viewed as a particularly important issue in the 84 seats of Greater London, where it is thought the votes of heavily-mortgaged C2s – the skilled working classes – will have a crucial bearing on the outcome in several marginal constituencies.

Boundaries all over the place

The case for getting on with the next review of constituency boundaries as soon as the general election is out of the way is overwhelming. As a look at the electoral registers shows, the difference in the size of the electorate from constituency to constituency can be more than two to one.

It is a well known fact that as a percentage of the population Scotland is over-represented in Westminster, but so is London. The two English constituencies with the smallest rolls are Kensington (42,327) and neighbouring Chelsea (42,549). A lot of the other low figures come from the capital: Greenwich (48,225) and Hendon South (48,816).

Some of the London suburbs are also exceptionally low: for example, Surbiton (42,845) and Walthamstow (49,603). Edward Heath's constituency of Old Bexley and Sidcup has only 50,064.

These figures are wildly out of line by any standards. The ideal size for a constituency electoral register is generally reckoned to be around 75,000, give or take local factors.

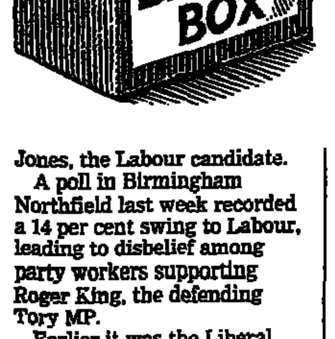
The Isle of Wight, which is a special case, has the biggest with 101,492: the island is not quite large enough to be split.

In the rest of England, the biggest is Huntingdon (94,077) where the Tory candidate is John Major. By contrast, Margaret Thatcher would be facing an electorate of only 53,322 if she were standing again in her old London constituency of Finchley.

Polls apart

Quality Fieldwork, the Birmingham-based market-research organisation, has been upsetting a few candidates in the election campaign with polls that have predicted larger swings to Labour in some marginal seats than reflected in national polls.

The latest victim is Anthony Beaumont-Dark in Birmingham Selly Oak. The poll showed 45 per cent of voters backing Labour, pointing to a majority of more than 3,000 for Lynne



Jones, the Labour candidate.

A poll in Birmingham Northfield last week recorded a 14 per cent swing to Labour, leading to disbelief among party workers supporting Roger King, the defending Tory MP.

Earlier it was the Liberal Democrats fighting the Tory-held seat of Birmingham Yardley who were angry. A poll showed them in third place behind the Conservatives when they were convinced they were running for victory.

Fiona Welch, a partner at Quality Fieldwork, which has been working for the Birmingham Post and Mail, said that the polls had developed techniques used accurately to predict the Mid-Staffordshire by-election defeat for the Conservatives in 1990. "We are standing our ground," said Mrs Welch.

Second opinion

Ballot Box reported last Saturday that a poll in Pulse showed that the Tories were still the favourite party of family doctors. It has been pointed out to us, however, that Pulse is by no means the only GPs' magazine. One correspondent says that it is simply the one preferred by rightwing doctors. Doctors on the left tend to go for General Practitioner, which has slightly different findings in its poll.

According to GP, doctors are swinging to the Liberal Democrats who have the support of 36 per cent, against 33 per cent for the Tories and 30 per cent for Labour. The figures from Pulse were Tories 29.8 per cent, Lib Dems 24.8 and Labour 17.8.

The GP poll was taken before John Smith announced his tax plans, which could have made a difference to voting intentions. Either way, doctors' support for the Tories has fallen sharply since the last general election: from 45 per cent according to Pulse, and from 61 per cent according to GP.

Property debts

One of the first questions that seems invariably to greet an incoming Labour-led administration is what to do about the property market. The problem lies with the banking system: overheating under the Tories leads to a hangover in banking under Labour. If the resulting hole in bank balance sheets is big enough, the Bank of England starts to ponder the wisdom of a *démarche* to Number 11 Downing Street.

Not long after Labour came to power in 1974, the then governor Gordon Richardson found himself asking for support from Denis Healey, against a background of considerable political antipathy for fringe bankers and property. Despite enjoying support from the influential Harold Lever, his request was rebuffed.

Now the property men are once again popping up on cue. First, Canadian-based developers Olympia & York admitted to difficulties. Then came Gerald Ronson's Heron Corporation, followed by Trevor Osborne's Speyhawk. All are talking about plans for restructuring their debts.

The difference this time is that there is not much of a fringe banking sector standing between the clearers and the property men. The foreign banks are also taking a larger share of the losses. Another difference is that National Westminster, which in 1974 was forced to make an unprecedented announcement to the effect that it was not going bust, appears to be less exposed than Barclays is today.

No doubt the clearing banks are too big to fail. A shore-up for property anyway looks a poor bet under Labour. And since Olympia & York's Canary Wharf development is widely regarded as a Tory flagship, that is one place where Labour sympathy is most unlikely to be forthcoming.

Signpost

Chancellor Norman Lamont has withdrawn from a long-standing engagement to address the American Chamber of Commerce luncheon in London on April 15.

ELECTION 1992

Ashdown eases his hung parliament demands

By Ralph Atkins

MR PADDY Ashdown yesterday left an escape clause in the conditions he has set for Liberal Democrat support in a hung parliament, which could allow a deal without an agreement on proportional representation.

In comments which only increase the likelihood of a pact between the Liberal Democrats and Labour, Mr Ashdown hinted that he might help to keep a minority government in office if the uncertainty created by a hung parliament threatened an economic crisis.

Previously Mr Ashdown had said he could never guarantee absolutely how he would react if he held the balance of power, although he set a commitment to proportional representation in the first Queen's Speech of the new government as the pre-requisite for his party's support.

The timing of his comments – which included a warning of the economic chaos a minority Labour government might cause – fuelled speculation that he might be prepared to make compromises.

Liberal Democrat MPs will meet in London on Saturday to finalise a negotiating stance for any coalition deals. Arrangements are also in hand for a special conference to consult other party members if necessary.

Mr Ashdown also dismissed reports that he was calling for four cabinet posts for Liberal Democrats in a coalition government, as "premature and speculative".

Last night at a rally at Richmond upon Thames he sought to refocus attention on his party's pledge to raise income tax for education spending and stepped up his efforts to persuade Labour or the Tories to enter a coalition government. "Just imagine a government which worked for partnership and consent," he said.

Earlier, on the BBC's Election Call programme, Mr Ashdown was asked if he would, in all circumstances, vote against a Queen's Speech that had no reference to proportional representation.

He replied that Liberal Democrats were "prepared" to vote down such a government, but added: "Of course I can't give you an 'in all circumstances' undertaking. You are asking me to predict how I'd play as the batsman in the third ball of the fourth over after next."

He said that "in any foreseeable circumstances" a minority government which put its own interests before the country's should be brought down. However, he added: "Sensible people don't close every option."

If, for instance, Britain faced a crisis over Libya, or the pound was "dropping like a stone", then, "obviously, everyone has to do what they think is right and, under the circumstances, for the country's good."

Party officials insisted that Mr Ashdown was not changing his position but conceded he had left some leeway for negotiations.

Mr Ashdown said that under a minority Labour government, "the pound will come under very severe pressure, they [the government] will be almost immediately faced with the possibility, the prospect, of having to raise interest rates."

At his morning press conference he had promised that his party would, "work constructively for a partnership government which lasts the lifetime of a parliament".

Smaller parties see opportunity

By FT Reporters

ABOUT 26 to 29 MPs in the next parliament will represent parties other than those led by Mr John Major, Mr Neil Kinnock and Mr Paddy Ashdown.

Their support – or at least abstentions in Commons votes – could make it unnecessary for Labour or Tories to woo the Liberal Democrats.

The biggest group is the Northern Ireland MPs. The three or four MPs expected from the nationalist Social Democratic and Labour party would support Labour and probably favour proportional representation.

The 13 or so Unionist MPs would not necessarily rule out working with Labour if it changed its stance on Northern Ireland. But the Ulster Unionist party, which had nine MPs in the last parliament, is usually more in line with Conservative thinking and opposed to electoral reform.

The smaller Democratic Unionist party (three MPs previously) might not object to PR but is unlikely to act independently of the larger Unionist party.

The Scottish National party, on the basis of the recent polls, would would have about eight seats. It refuses to discuss officially what it might do in the case of a hung parliament, saying: "We are fighting this election to win independence for Scotland."

But while the SNP has a long-standing policy of refusing any deals with the Conservative party at any level, it does not have a similar prohibition with regard to Labour.

The party has a deep distrust of Labour, and of Mr Kinnock in particular. But it might ultimately find it difficult to vote against a Queen's Speech that included proposals for a strong Scottish parliament, especially if the alternative was the fall of a Labour government and the possible return of the Tories.

Plaid Cymru, the Welsh nationalist party which looks like winning three seats, has said it will enter no deals without a promise that a Welsh parliament will be established within a year. But Labour may be able to win its support with its commitment to an assembly in its first parliament.

The 10 Liberal Democrats (out of 22 in the last parliament) defending Scottish constituencies would fit more easily with a Labour government promising devolution. Some Scottish MPs, dependent on delivering devolution for continued electoral support, may defy Mr Ashdown.

Reports by Ralph Atkins, James Buxton, Tim Coone, Anthony Moreton and Gareth Smyth.

SIX SCENARIOS FOR A HUNG PARLIAMENT

	CON	LAB	LIB	OTHERS
A	320	280	26	25
B	310	290	26	25
C	300	300	26	25
D	295	295	26	35
E	290	310	26	25
F	280	320	26	26

The 25 Others are assumed to be 13 Ulster unionists, 5 SNP, 4 SDLP, 3 Plaid Cymru. In scenario D, the SNP is assumed to have 15 seats.

The Liberal Democrats would not be the only group which would be able to influence policy in a hung parliaments. Under several scenarios, one of the main parties might be able to survive with the support of, or abstentions by, other minority parties.

Scenario A – Abstentions by the Ulster Unionists would give the Conservatives a majority.

Scenario B – The Conservatives would need Liberal Democrat abstentions.

Scenario C – The Liberal Democrats would be able to give power to either side.

Scenario D – Either Labour or the Conservatives would need the support of more than one minor party

Scenario E – Labour would need Liberal Democrat support, but if the SNP won nine seats instead of five, support from the nationalists and SDLP would give Labour a majority.

Scenario F – Easy for Labour with nationalist support.

Trevor Humphries

Keeping the door open: Paddy Ashdown on the Penwith Manor Estate in south-east London yesterday. He has hinted that he might help to keep a minority government in office if the uncertainty of a hung parliament threatened to cause an economic crisis

PR wins big proportion of the political debate

By John Willman, Public Policy Editor

TWO results of the election can be forecast with confidence: the Liberal Democrats will get around 20 per cent or more of the popular vote and Liberal Democrat MPs are unlikely to occupy many more than 5 per cent of seats in the House of Commons.

In most elections, the Liberal Democrats and their predecessors have been able to do little about such under-representation except to cry "unfair". But this time, there appears to be a strong chance of a hung parliament in which neither the Conservatives nor Labour would be able to form a majority.

If that is so, Mr Paddy Ashdown says that the Liberal Democrats will make reform of the UK's first-past-the-post election system – which produces this disproportionate result – a condition of support for a minority government. In staking this claim, he points to the fact that the UK is now one of the few European countries which does not use proportional representation (PR) to elect its parliament.

If Labour is the largest party, Mr Kinnock will use the Plant commission, Labour's enquiry on electoral reform, to woo the Liberal Democrats. Chaired by Professor Raymond Plant of Southampton University, this has spent 18 months examining the pros and cons of different electoral systems. Mr Kinnock has promised to give the commission official status and broaden its composition to include representatives of other parties.

The new Scottish parliament is to be elected by PR, and the Plant commission has proposed the additional member system used in Germany. It is thought likely to recommend PR for elections to the European parliament, where the UK's adherence to first-past-the-post has distorted the overall party balance at Strasbourg.

Even if Labour agreed to a switch to PR for the Commons, there could still be disagreement over the timetable for introducing the change: Mr Ashdown has said that he wants this to be the last election under first-past-the-post; Mr Kinnock wants to submit the change to the electorate at the next election.

And there could also be disagreement over the system to adopt. The Liberal Democrats favour the single transferable vote, under which most voters would cast their votes in multi-member constituencies. This allows them to choose between the candidates put up by the parties and even to elect MPs from more than one party.

Labour is likely to prefer one of the two systems which retains a strong one-to-one constituency link in line with British traditions. That means the additional member system or the alternative vote (which the 1929 Labour government planned to introduce before losing power).

If the largest party is the Conservatives, Mr Ashdown is unlikely to receive a positive response to his demands for PR. Mr John Major is implacably opposed to electoral reform: yesterday he underlined his determination that the Tories will "in no circumstances" enter into negotiations with the Liberal Democrats on PR.

He opposes PR because he believes it would detract from strong government: if the UK had used PR it is likely that every election for the last 30 years would have produced a coalition government. His belief is that such governments find it hard to agree difficult decisions, so that, for example, it would have been harder to mount the Falklands campaign or to send the British contingent to the Gulf war.

Mr Major also quotes unnamed leaders of other European countries that have PR who would like to get rid of it. The only country which has tried to move from PR to first-past-the-post is Ireland – on both occasions the move was defeated in a referendum.

Certainly there are politicians in Italy – particularly Christian Democrats – who blame their system of PR for the paralysis and corruption which dogs Italian politics. In Israel, there is growing discontent with their list system which allows religious and extremist parties with only 1 or 2 per cent of the vote to dictate policies in return for sustaining a coalition.

But in neither country is there significant support for first-past-the-post; the desire is for limited reforms to remove the undesirable side effects of PR, for example by using thresholds to reduce the number of parties elected.

According to Simon Osborn of the Electoral Reform Society, all the new democracies of eastern Europe have chosen some form of PR for their parliamentary elections. "They all visited London, and were very impressed with our parliamentary system. But they all rejected our electoral system: having lived under the dictatorship of minority governments for decades."

Whether the UK will continue to allow a party with as little as 42 per cent of the vote to govern with a 100-seat majority remains to be seen. But the arguments over electoral systems will undoubtedly continue.

Electoral systems – the options

First-past-the-post: the candidate with the highest number of votes in a constituency is elected.

List system: Voters vote for party lists of candidates in multi-member constituencies. Seats are divided between the parties in proportion to the votes gained in the constituency and allocated to candidates from the top of the list.

Additional member system: At least half the seats are elected on a first-past-the-post basis. The rest are allocated to parties on some sort of list basis, so that the number of MPs reflects the distribution of the popular vote.

Single transferable vote: Voters number candidates in order of preference in multi-member constituencies. Complex formula elects candidates with more than a set quota of votes. Second and subsequent preferences are redistributed until enough candidates reach the quota.

Alternative vote: Voters number candidates in order of preference. If no candidate wins more than 50 per cent of the votes, the second choices of the candidate with the fewest votes are reallocated until someone wins a majority of the votes.

THE ISSUES: POVERTY

Poor pushed to back of queue

HOW WILL Pilton vote? The question is of unusual interest to the political parties this year. This is because the electors of this deprived cluster of Edinburgh estates are being wooed by both official and deselected Labour candidates, casting uncertainty over the party's 11,327 majority in the city's Leith constit uency.

There are, however, bigger questions, most notably how many people living in Pilton's more rundown blocks and terraces will bother to vote at all.

A striking economic phenomenon of the 1980s was a growing disparity in income and wealth between the richest and poorest sections of the population. This widening division has been accompanied by discussion about whether Britain is witnessing, in its inner cities and peripheral estates, the emergence of a social group which is outside the norms and values of mainstream society.

Pilton is one of four UK areas involved in Poverty 3, a European Community anti-poverty programme. An EC profile of Pilton provides a composite picture typical of many of Britain's less-advantaged communities.

Unemployment is double the Edinburgh average: only about a third of the workforce have full-time jobs; half of those without jobs are long-term unemployed; between 70 per cent and 80 per cent of the population rely on state benefits for all or part of their income.

In addition, the proportion of children qualifying for free school meals in the area's nine primary schools ranges from 31 per cent to 91 per cent. A majority of children receive free meals in all except two schools. Drug abuse is extensive, and health problems and premature death are far more prevalent than in areas with greater advantages.

Yet Pilton is not defeatist about its difficulties. One evening last week, about 60 people attended one of the local forum meetings through which Edinburgh District Council is trying to improve community contact.

Most items on the agenda would be unrecognisable as concerns to the inhabitants of suburbia, but they read like an action-list of imperatives in places such as Pilton: efforts to improve council service-standards so that problems are dealt with within 14 days; setting up a council office in Pilton so that residents do not have to travel into central Edinburgh to discuss problems; racial harassment; the closure of the accident and emergency unit at the local hospital, forcing people without cars to take children to the city centre.

The debate is vigorous and articulate, because many of those present are politically active or involved in community organisations. They are a minority.

Some 35,000 people live in the Pilton EC project area and most would never attend such a meeting. Some "just sit at home demoralised by unemployment and poverty", one person says.

Do the people who are relatively disadvantaged actually regard themselves as in poverty?

Mr John Mulvey, director of the EC project in Pilton, says: "People tend not to like the term because of widespread implications that poverty is somehow the fault of the individual."

The scheme's title, Pilton Poverty Programme, was disliked by local people and is now underplayed in favour of the Pilton Partnership Project.

Also people who understandably resent being labelled "poor" shudder at the imported US term "underclass", now part of the sociological vocabulary in Britain. It is used to describe those that fit no conventional class category and are detached from mainstream values.

Sir Ralf Dahrendorf, the warden of St Antony's College, Oxford, has written of the underclass as the "living doubt in the prevailing values which will eat into the texture of the societies in which we are living".

There is not universal agreement that an underclass – as opposed to deprived people – actually exists. Research published this month by the independent Policy Studies Institute estimates that the underclass doubled from about 2m in 1979 to 4m in 1986, but this was based on a tight definition confined to families which are excluded from paid work.

Applying this definition, only 68 per cent of the underclass voted in the 1987 general election, compared with 82 per cent of the employed. This year's voting patterns will be studied for evidence that people who are relatively disadvantaged may have become further alienated from the mainstream of society.

The question of whether a permanent underclass is emerging is not only a matter for academic study. The existence of such a group, millions strong, whose members feel little attachment to society could have alarming implications and become a leading election issue by the turn of the century.

In the present election, however, poverty is not central to the campaign.

The Child Poverty Action Group's pre-election analysis of the three main programmes concludes that "in the 50th anniversary year of the Beveridge report we need a more fundamental commitment to preventing poverty – not merely patching it up – and to the redistribution of resources than any of the three main parties' manifestos is currently offering".

Alan Pike

THE ISSUES: URBAN REGENERATION

Living for the city takes its toll

ON the night of her 1987 election victory, Mrs Thatcher stood on the staircase of Conservative Central Office proclaiming her third-term mission: to work harder for the inner cities.

There was a clear political motive for such apparent philanthropy: little by little, the Tories were being squeezed out of Britain's cities. Glasgow, Liverpool, Manchester, Newcastle and Hull were Tory-free zones; Edinburgh, Cardiff, Birmingham and Sheffield looked vulnerable to the same fate.

The loss of political support was more galling because the Conservatives could claim significant successes in inner-city regeneration. In Liverpool, for example, the refurbishment of the Albert Dock had created a magnet for 4m tourists a year. The garden festival cleared a 125-acre site and restored an element of civic pride. And the Wavertree Technology Park provided Liverpool with its first A1 office park, attracting top information technology companies to Merseyside.

Much of the burden of regeneration had been borne by the urban development corporations (UDCs), quangos created by Mr Michael Heseltine during his first spell as environment secretary.

Local councils appeared to have failed in their urban programmes, spending increasing amounts on costly public-sector projects without halting the decline. The UDCs were expected to use government money to lever in private capital, attracting developers by reclaiming land and putting infrastructure into place.

However, in their haste to make progress, they all too often failed to win local support. Mr Harry Rimmer, the leader of Liverpool City Council, says: "They planted a lot of trees and carried through prestige projects like the Albert Dock. But there were no jobs or training for the riverside communities and that made people cynical."

To fulfil Mrs Thatcher's 1987 pledge, the government launched its Action for Cities initiative, a re-packaging and streamlining of urban aid programmes. With costly breakfast briefings and proliferation of action documents, it did little to win over the local communities.

But Mrs Thatcher's departure in 1990 brought Mr Heseltine back to the environment department with new ideas for involving local authorities in urban regeneration. He launched City Challenge, an invitation to 15 city councils to bid for £412m of funds, with the money going to the 10 councils producing the most convincing bids. Councils were told that the key to success would be to demonstrate effective partnerships between public, private and voluntary sectors.

City Challenge was immediately derided as a "game show" by Mr Bryan Gould, Labour's environment spokesman, and a "lottery" by Mr Jeremy Beecham, chairman of the Labour-controlled Association of Metropolitan Authorities. But whatever the ideological objections to competing for funds, Labour councils entered the bidding process with gusto.

Liverpool won £48m for a five-year programme of city-centre renovation backed by local businesses, community representatives and voluntary organisations such as the Liverpool Philharmonic Orchestra which stands to benefit from the restoration of its concert hall.

With £750m on offer in a second round of City Challenge, Liverpool is bidding for further funds for a large development at Speke and Garston.

If the Conservatives form the next government, the City Challenge approach will allocate a growing proportion of government funds for regeneration. Money will be concentrated on a few large projects where substantial amounts of private capital can be attracted and the partnership approach can make a significant impact.

A Labour government would honour existing City Challenge commitments, but the competitive approach would be scrapped. Partnerships between the public, private and voluntary sectors would still be encouraged, but funds would be distributed "on the basis of need".

The UDCs and other government development bodies would be incorporated into locally accountable regional development agencies. This would not be unwelcome to many involved in the UDCs who are already forging informal links with other development agencies in their areas.

Whatever the complexion of the next government, the economic downturn poses a challenge to the partnership approach now favoured by all the parties. The recession and the depressed commercial property market have reduced the flow of private capital into urban redevelopment.

As for the Conservatives' political chances in the inner cities, few will be surprised if they do not lose further ground in Thursday's election. Much has been done much to stimulate urban regeneration which appeared unable to reverse the decline of Britain's cities in 1979.

The partnership approach which Mr Heseltine has done so much to foster is now the commonly accepted wisdom on both sides of the political spectrum locally and nationally.

But the Conservatives' failure to involve local communities with their programmes has alienated many of those who were supposed to benefit. And the reliance on the private sector to provide the leadership and capital for redevelopment has left their market-based approach temporarily stalled as the recession has taken its toll.

John Willman

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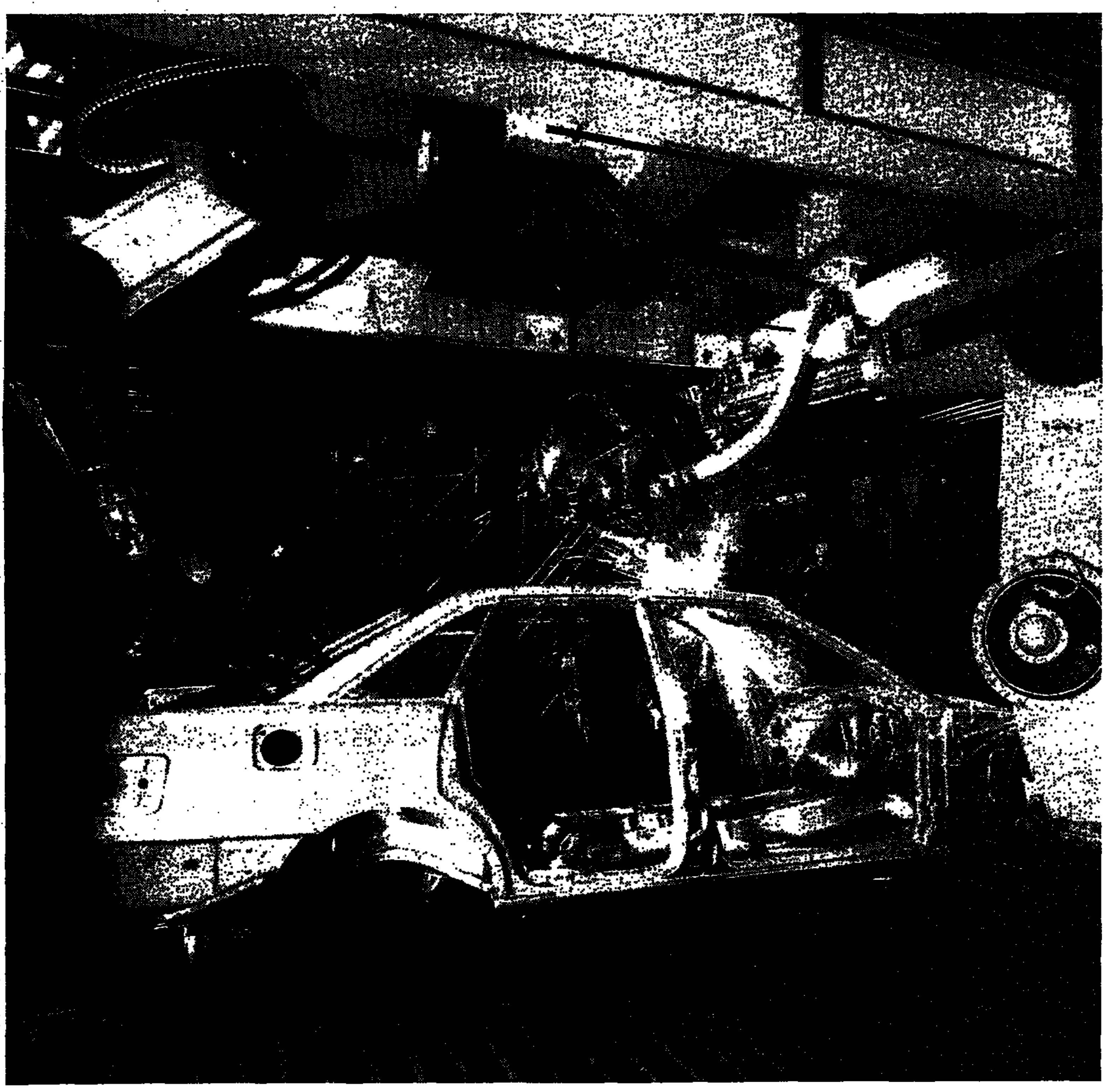

Every Audi is unique. Even cars of the same model have differences in equipment, and keeping track of them is vital. At Audi these equipment differences are encoded and printed on adhesive labels which are then placed inside the boot and in the vehicle's service handbook. Any subsequent repairs or parts replacement are thus made much easier.

To make sure this system runs smoothly Audi uses labels made only from Du Pont TYVEK, because of its tremendous wear resistance and other exceptional properties.

Like TYVEK, KEVLAR is also made by Du Pont, and is no stranger to automotive manufacturers; they've known about the merits of this high strength, low weight fibre for years. KEVLAR, for example, is used to reinforce cylinder-head gaskets and cooling system hoses in high-performance engines. It is also widely used in brake pads, clutch linings and tyres.

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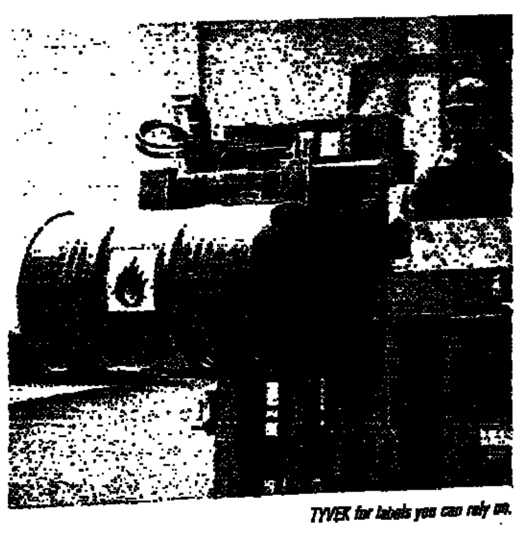
In developing TYVEK Du Pont was able to combine many of the best properties of paper, fabric and film. This unique spunbonded polyethylene material is extremely light, yet strong and tear resistant. TYVEK shrugs off water and most chemicals, resists puncturing, is approved for contact with foodstuffs, and retains its remarkable properties down to − 70 °C. It is also highly printable, with a smooth, white surface that's suitable for all processes including computer printers. TYVEK is easily recycled or disposed of, with no adverse environmental effects.

Lost label... big problem.

Labels that get torn, worn or waterlogged can't be read – and an unreadable label is as useless as no label at all. For instance, what's the point of urgently shipping spare



TYVEK for labels you can rely on.

parts if no-one knows what they are? And chemicals that have lost their identity can be downright dangerous if wrongly stored or handled. It is because of the exceptional physical and chemical resistance of TYVEK and the labelling integrity it provides, that it is specified by such leading companies as Ciba-Geigy, ICI and Schering.

With Tyvek the way ahead is clear.

Paper road maps, city plans and marine charts are great when they are new. But after a while they start to tear at the edges and fall apart at the folds... and if you get them wet they're simply unreadable.

But maps and charts printed on TYVEK are different; they can be folded and unfolded endlessly, and can't soak up water (drop one overboard and it will not only float, it'll stay completely readable). Even after years of use a map printed on TYVEK will still be pointing the way.

Maps made of TYVEK are tear-resistant and waterproof.

This remarkable durability is why TYVEK is specified by many leading map makers, including Edison Cartographiques, Maritimes and Delfino Editrice, and why the yachtsman's "Blue Book" of Mediterranean ports is printed on TYVEK.

Few things take more of a beating than children's books and games... and few materials can take the punishment better then TYVEK. Which is why, for example, Ravensburg Games use it to extend the life of their products.

Tyvek delivers, safe and sound.

When you send something by mail or courier you want it to arrive in the same condition as when it was sent.

Envelopes of TYVEK resist pilfering or accidental exposure of the contents through tearing, puncturing, bursting and abrasion.

Add to these qualities their postage-saving light weight, water resistance and high-quality appearance, and it is little wonder that they are the primary choice of many banks, insurance companies and legal firms.

No surprise, either, that courier services such as Federal Express, and several postal authorities use envelopes of TYVEK for their important and urgent deliveries.

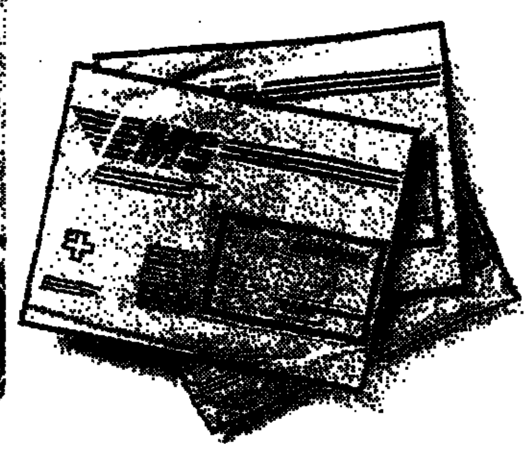
Packed safely.

TYVEK's special properties of strength, security, chemical and physical resistance and light weight offer many advantages to the packaging industry. Its versatility is useful, too: TYVEK can be printed, diecut, laminated, heat-sealed, bonded with adhesive and stitched. Its smooth surface is perfect for record and floppy disc sleeves, while its air permeability allows products to be gas sterilized, making it ideal for sterile packing applications.

Long-lasting legibility plus people protection.

Labels, envelopes and packaging are by no means the only uses for TYVEK.

The same advantages of strength and durability lend themselves to almost any application where the message must get through – display materials such as banners and posters, freight waybills and shipping documentation, ID cards and season tickets, wiring diagrams and instructional manuals... the list is almost endless.



TYVEK keeps valuable documents safe in transit.

And TYVEK protects people, too. Wherever there are hazardous work situations such as asbestos removal, chemical clean-ups, crop or paint spraying, or hospital surgeries and high-tech clean rooms, protective clothing made of TYVEK is available for a wide variety of applications.

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DU PONT

Surveys detect new optimism over recovery

By Peter Norman, Economics Correspondent

BRITAIN'S companies and consumers are increasingly confident that the recession could be coming to an end, according to an independent survey published yesterday.

The survey indicated that more than 50 per cent of UK companies expect higher orders and sales in the current quarter and that consumers increased their spending slightly in the first three months of this year.

The government also published figures for February that provided the first signs of increased demand for consumer credit since last August.

The latest quarterly business expectations survey from Dun & Bradstreet, *the business* information group, found that optimism among companies has returned to levels last seen in the final quarter of 1989.

Although the employment outlook remains weak, it found a sharp increase in optimism about export prospects and a marked improvement in busi*ness confidence south east of* England in spite of the uncertainties ahead of the election.

The Dun & Bradstreet report showed that all sectors of British business, except construction, expect improvements in sales, order books and exports. According to Mr Philip Mellor, the company's marketing manager, its results represented "a strong leading indicator of an economic turnaround".

Yesterday's quarterly survey of regional consumer sentiment from Gallup and Business Strategies Ltd, an economic consultancy, pointed to a slow recovery in consumer confidence and a slight 0.3 per cent increase in total consumer spending in the first three months of this year compared with last year's final quarter.

This finding gained some support from official Central Statistical Office figures, which showed that net credit *advanced to consumers by* finances houses, building societies and through banks' credit cards increased by £13m in February after after *six consecutive months of decline.*

The survey, conducted between March 11 and 27, contained no hint that the election campaign and Labour's lead in *the opinion polls* had a negative impact on business.

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Coats Viyella cuts 556 jobs in Ulster

By Our Belfast Correspondent *and Daniel Green*

ULSTER'S hard-pressed textile industry suffered a serious setback yesterday as Coats Viyella *announced 566 job* losses at two plants in the province.

The company, Ulster's second largest manufacturing employer, blamed the recession and an influx of cheap imports for the closure of the loss-making Peter England Shirt factory *at Magherafelt, County* Londonderry. Some 516 jobs will be lost there and a further 50 people will be made redundant at the company's May*down plant in Londonderry.*

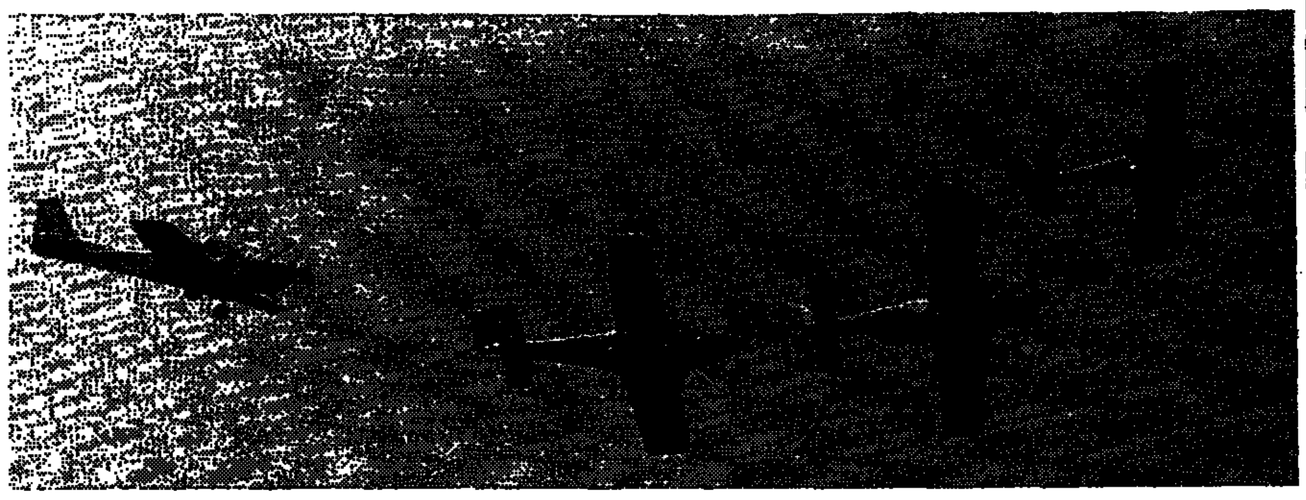
It is the second shirt-making in Northern Ireland by Coats in the last year. But some jobs may yet be saved. Unnamed Northern Ireland business interests have signalled they might want to take over part of the Magherafelt operation.

Intensive negotiations over the last four months involving Mr Richard Needham, the province's economy minister, and senior Industrial Develop*ment Board (IDB) officials* failed to prevent the job cuts.

The redundancies were prompted by company plans to "restructure its branded menswear capability to establish the basis for a viable future".

The company said that after this closure it hoped to be *returning its branded shirt* business to "an acceptable level of profitability". It still makes the more expensive Van Heusen branded shirts in Northern Ireland.

Sir David Alliance, Coats' chairman, said the company remained committed to its investments in Northern Ireland and would continue to employ over 2,700 people in the province.



Britain's Ministry of Defence (MoD) is preparing to privatise part of its pilot training programme in a deal worth about £30m to the winner of the contract, Daniel *Green writes.*

The four bidders include British Aerospace, which teaches pilots to fly Bravo trainers (pictured above) at its training college in Prestwick, Scotland, and Oxford Air Training School, Britain's largest professional air training organisation.

The MoD invited tenders for the con*tract after the move was signalled in last* year's defence policy document published by the government. Bidding closed at the end of February and the MoD says it will make its recommendation to the government in the autumn. It wants to name the winner in January 1993 with the the 10-year contract starting the following July.

The ministry believes commercial flying colleges should be able to reduce its annual training bill for the 177 RAF and Royal Navy pilots on its courses.

Britain in brief

Soccer league tries to avert players' strike

Britain's new Premier League for the country's leading soccer clubs has offered an improved pay deal to club players after 91 per cent of its first division members voted to support strike action.

The Professional Footballers Association (PFA) had rejected the Premier League's earlier offer of 5 per cent of the proceeds of TV coverage of the new league, which begins on *August 15. Under its current* agreement with the Football League the PFA gets 10 per cent of TV revenue.

The PFA has guaranteed any strike action will not affect Sunday's League Cup final.

Bomb explodes in London

A suspected IRA bomb exploded in central London, shattering windows and shaking buildings but causing no injuries. Commander George Churchill-Coleman, head of Scotland Yard's anti-terrorist squad, said the device – which exploded in Soho – contained less than 1lb (450g) of high explosive, and was typical of those used by the IRA. He said *the attack was an "act of sheer* recklessness".

Accountants report gloom

Small accountancy firms are more pessimistic about the prospects for business than four months ago, according to the latest survey from the London Society of Chartered Accountants.

One-third of the 250 respondents were less optimistic for their firm over the next four months than they had been over the previous four, which *reflected the enduring effects* of the recession, according to Mr Philip Hollins, a partner with accountants Hacker Young who co-ordinated the survey.

Heads oppose school opt-out

Head teachers of local authority secondary schools in Hertfordshire have declared strong opposition to their schools opting-out of local authority control, and have condemned plans to re-introduce selection of pupils for entry.

The county's head teachers resolved that they would "advise school governing bodies and parents who raise the issue" that "it is in the best interests of the education service in Hertfordshire for schools to continue to be maintained by the county council".

Coal accident

British Coal, the state mining corporation, said seven men were trapped underground after a roof collapsed underground at the Stillingfleet Colliery in Selby, northern England.

Health body agrees pay rates

A health authority in the North of England is believed to be the first to break away from nationally agreed pay rates for health care assistants, a new grade of National Health Service workers drawn from nursing auxilliaries.

West Cumbria Health Authority has agreed contracts which give 218 health care assistants on skills-based con*tracts* a 7.3 per cent pay increase.

Study profiles typical director

The typical director of a quoted British company is a *52-year-old male chartered* accountant, a new study of UK management has shown. He will probably have gone to a grammar school and is also likely to a golfer. The analysis of British directors, contained in the Arthur Andersen Corporate Register, shows an apparently unchanged group in spite of the social forces of the past decade.

Budget fails to halt slide in car sales

By Kevin Done, Motor Industry Correspondent

UK new car sales fell by 15.2 per cent in March dispelling *motor industry hopes that last* month's favourable Budget would bring an end to the two-and-a-half year recession.

New car sales have been in *decline for 29 consecutive* months, with car makers suffering the steepest decline since 1945.

According to figures released by *the* Society of Motor Manufacturers and Traders (SMMT) new car sales fell to 143,115 in March from 168,854 a year ago.

New car registrations in *March* were *35.3* per cent *lower* than in the same month three *years ago. In the first three* months of 1992 new car sales totalled 406,211, a fall of 11.1 per cent from the same period a year ago and a drop of 35.6 *per cent from the correspond*ing period of 1989.

Car makers remain uncertain about the underlying trend in car sales, however, which *has* been *distorted* by tax changes and the proximity of the general election.

The motor industry estimates sales in March last year were *inflated* by *20-25,000* units, as car buyers brought forward purchases to beat the increase in value added tax in April.

The latest new car registration figures *also raise* concern for the development of the *trade balance, with imported* cars accounting for 57.3 per cent of the market in March compared with only 54.7 per cent a year ago.

For the first three months the share of imported cars was 54.8 per cent compared with 54.1 per cent in the same period a year earlier.

Rover, a subsidiary of British Aerospace, has emerged as one of the main losers in the recession. In March its sales plunged by 45.2 per cent from the same month a year ago, resulting in a precipitous drop in its market share to only 10.0 per cent from 15.5 per cent a year ago.

For the first three months Rover has slipped into fourth *place in the UK new car sales* league after being overtaken by the Peugeot group of France, which includes Citroën. Rover's new car sales *in the first three months* were 32.1 per cent lower than in the same period a year ago.

The Peugeot group and Renault, the French car makers, as well as BMW of Germany have gained significant ground in the first three months.

The Peugeot group boosted the combined share of its Peugeot and Citroën marques to 12.2 per cent from 10.2 per cent a year ago, helped by a 6.1 per cent increase in sales volume. Peugeot in particular is being helped by the growing popularity of diesel car sales.

UK paging companies launch satellite services

By Michiyo Nakamoto

HUTCHISON Paging and Mercury Paging are launching *rival satellite-based UK paging* networks which they claim mark a substantial improvement over the present landline-based services.

Mercury Paging, a joint venture between Mercury Communications and Motorola of the US, launched its satellite paging service at the weekend.

Hutchison's satellite service will begin tomorrow with an inaugural message by Sir Bryan Carsberg, director general of Oftel, the telecommunications industry watchdog. Hutchison Paging is part of Hutchison Telecom UK.

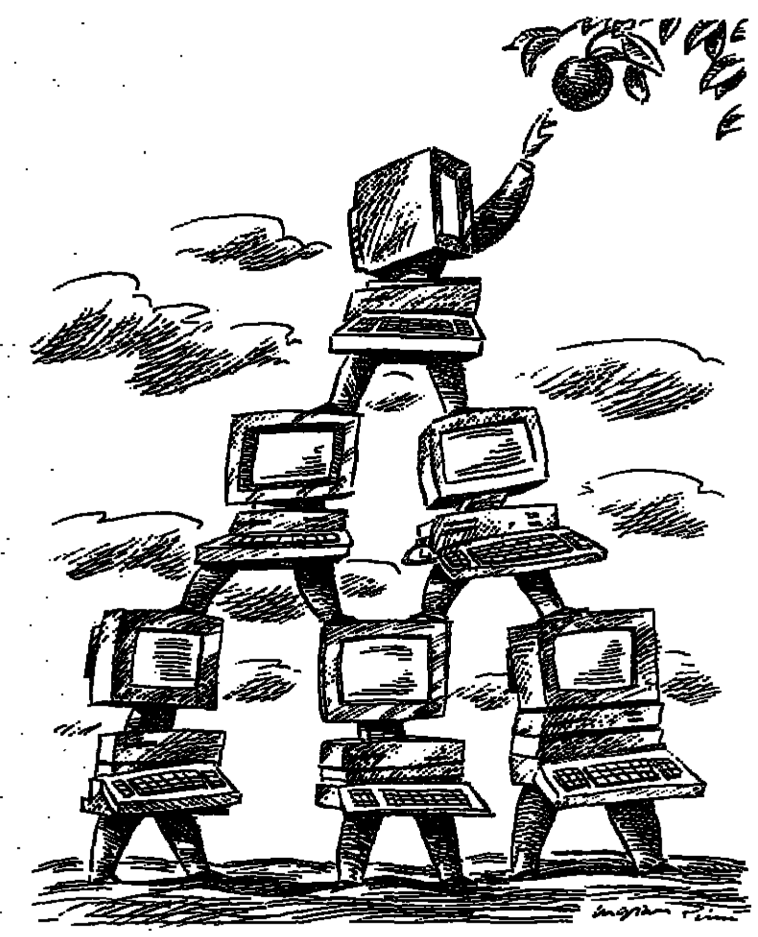
The companies are launching the world's first satellite paging services, which they *say are faster* and much more reliable than existing cable services.

Satellite networks can avoid corrupt messages resulting from traffic congestion. Corrupt messages are a source of frequent complaints from users of paging services.

Users of Mercury's service will automatically be switched on to the satellite services at no extra cost. Those using Hutchison's service will have to switch over, but the cost of doing so is no more than that of using the present service.

Strength in numbers

Charles Arthur describes why British academics are working to unleash the power of parallel software



If you wanted a wall built, would you hire a team of bricklayers, or would you hire a sprinter like Carl Lewis and teach him to lay bricks? The answer may seem obvious, but in computing, most companies with increasingly complex problems – such as mapping air-flow over surfaces, determining what happens in an engine cylinder or controlling large networks of computers – opt for the latter approach, buying ever-faster machines which solve huge equations a piece at a time.

The alternative, splitting up the problem and parcelling it out in parallel, is both cheaper and in many cases quicker. However, conventional computing has gone for the Carl Lewis (or serial) approach because parallel machines are much more difficult to build and program. Also, users have so much invested in their existing methods that they find it hard to justify investigating an alternative.

Now, though, some of the UK's brightest academic computing brains have come together in four new university centres around the country – in Southampton, Edinburgh, Oxford and London – with the aim of finding industrial partners for collaborative projects, and giving the UK a lead in developing parallel software. It is not a trivial pursuit; many believe parallel systems will eventually supersede conventional large-scale computers, as the amount of data being processed outstrips the growth in conventional computer power.

The academics' first intent is to persuade industry that they are serious. "This is not a bunch of airy-fairy academics with Einstein haircuts," says Colin Upstill, director of Southampton University's parallel applications centre, the first of the four to open in Britain last October. "When I was an undergraduate in the 1970s, some of the professors couldn't boil an egg. But these are the new generation who are very sharp wheeler-dealers. The economic climate of the 1970s and 1980s has driven them this way."

In line with those climate changes, the centres' £13m of public funding (£9m from the Department of Trade and Industry, and £4m from the Science and Engineering Research Council) only lasts four years, after which they must become self-financing. In the meantime, the industrial partners are expected to spend £21m collaborating on the projects.

Upstill describes the scheme, and the collaborations it creates, as offering an "electronic wind tunnel" with "extended test drives for industry". The universities benefit by gaining expertise, sharing intellectual property rights and publishing some of their results. Meanwhile, companies lacking the resources or expertise can try out parallel computing. "Anybody with the right money could buy the same equipment as we have," he says. "But on its own that doesn't get results."

However, persuading industry of that is still difficult. Bob McLatchie, executive director of Oxford University's Parallel Centre (which opened for business last month), says: "Going to companies and saying: 'It's a coding thing, we're good for you', doesn't work. The ones that have joined us recognise that they're in a fix. You have to identify a key, critical problem."

That has worked at companies including BP, Shell, BT, British Gas, Lucas Aerospace, Sharp, British Aerospace and Unilever. The centres aim to add more names to the list in the coming months.

Parallel computing does offer great opportunities. To return to the wall-building analogy, if you wanted the wall built faster, you would hire more bricklayers; in computing terms, this is a "scaleable" problem. Most computer-intensive tasks, such as weather forecasting, molecular modelling and even database analysis are scaleable, and applying parallel processing achieves impressive results.

Though there are an increasing number of parallel machines (often dubbed "minisupercomputers") on offer, usually from US suppliers, skills in parallel programming are still in desperately short supply. "It's not like programming a PC," comments Kevin Collins, commercial manager at Edinburgh Parallel. "It's not a commodity industry at the software level."

While the centres can boast an array of parallel machines – including the Meiko "computing surface" running the Oracle database, the Intel iPSC/860 parallel supercomputer and systems built around the British-built (and now French-Italian owned) Inmos transputer – the loyalty is to software and ideas. The news that Inmos plans to close its factory in Wales and shift production elsewhere provokes little response. "If you told me Inmos would move to France but the T9000 [the improved version of the transputer] would appear tomorrow, I would say 'Great, go'," says one centre's manager.

Possibly the most interesting collaboration at Southampton is the one which sounds most mundane; its ordinary nature disguises its wide applicability. Few companies will have to carry out analysis of geosensory data like BP; few will worry about combustion in a jet engine like Lucas Aerospace. But all will have to handle growing amounts of data about customers and suppliers.

British Gas is performing analysis and extraction trials on two dummy databases, one of around 1 Gigabyte (1,000 Mbytes) which mirrors its database about buying and selling gas from North Sea suppliers, and another of about 5 Gbyte, which reflects the size of the one on nationwide sales of gas to commercial premises. Presently they run on IBM mainframes and minicomputers from Digital Equipment.

"We're intrigued by the claims that parallel machines can outperform conventional mainframes by a factor of 50," says Tony Fincham, consultant to British Gas's maths and computing division. "The benefits are that we could do what we now do faster, and do more complex database operations. People are always thinking of more elaborate ways to look at data, for example for management information. And the applications are always eating up more computer power." If these trials work, the eventual target is the corporation's customer service and billing database – which takes up a mighty 12 Gbyte.

"By 2000, with advances in computer technology and optoelectronic and telecoms technology, the hardware will be able to do anything. But the problem will be programming, which is where we come in," says Upstill.

To that end, all of the centres have brought in people from industry, often at a high level. Collins worked for Parsys, which makes parallel machines. Upstill, previously with Plessey, has hired programmers with commercial and defence experience able to program and document code to BS 5750 [the British Standards Institution quality assurance standard]. "That means they know about commercial confidence and security. We are not amateurs," he emphasises.

The four-year deadline gives each centre an interest in being, or appearing to be, pre-eminent. "There are blue-chip customers and blue-chip applications at stake," Jackson says.

From 1996, the centres will be allowed to produce commercial software, and might even be spun off as separate companies. "We're not competing with business or trying to put people out of work," says Upstill. "We want to push this technology that the UK is good at."

AN INTERNATIONAL body has been formed to promote the use and development of the Inmos transputer, the UK-developed "computer on a chip", writes Ian Holdsworth. The Transputer Consortium (TTC) picks up the baton from an earlier scheme, the Transputer Initiative, which ended last week after providing £2.9m of government funding to six regional transputer centres at British universities over the last five years.

The new body, no longer funded by the government, will be a forum for national user groups and suppliers of the transputer, a chip which is used as a building block for making powerful parallel-processing computers.

The consortium aims to carry forward the earlier project's achievements. "It's all about sharing experience and knowledge," says Mike Jane, *the scheme's co-ordinator. TTC will develop and promote standards among* users and provide a mechanism for influencing funding agencies.

TTC has five founding members. Parsys, Parsytec, Transtech and 3L are companies that sell transputer-based processors or software. The fifth member is the chip's inventor, Inmos, a once-British company bought by the French-Italian group SGS-Thomson in 1989.

Technically Speaking

Electronic voting out for the count

By Paul Taylor

WHEN British voters enter the polling booths on Thursday the closest they are likely to come to high technology is a pencil sharpener. Television may dominate the hustings, but electronics so far has no place in the polling station or at the election count.

For 120 years, since the 1872 Ballot Act, voters in UK general elections have cast votes in the same time-honoured way – by placing a pencil-mark cross in a box on a ballot form next to the candidate of their choice and then posting the slip through a slot in the top of a metal box.

At the end of polling day the ballot boxes are collected. In town halls and public buildings all over Britain returning officers supervise the teams of office workers who manually sort and count the votes for each candidate. With a bit of luck the result will be announced in most constituencies sometime around midnight.

Generally the system works reasonably well, if a little slowly. But in many other parts in Europe – Germany, Portugal, Spain and Denmark, for example – as well as North America the system has been replaced in part, or totally, by mechanical or electronic systems.

Should the UK modernise its system? Some parliamentarians think so. Earlier this year the Commons Home Affairs Committee published a report which suggested that a US-made automatic vote counter manufactured by American Information Systems (AIS) should be tested in a Parliamentary by-election.

The AIS machines are based on high-speed optical character readers (OCRs). Voters mark a specially printed ballot form by filling in an oval or a cross. The form is then placed in a ballot box and fed into the OCR after the poll has closed.

In one process the machine can count and tabulate the number of ballot papers in each box, the number of votes for each candidate and the total votes cast. Ballot papers with incorrect marks are fed automatically into a separate hopper for adjudication.

The machines are capable of reading 400 ballot papers a minute and cost about £10,000 each. Based on the British general election in 1987 when an average of 50,000 votes were cast in each constituency, one machine per constituency would take about two hours to count the result, excluding verification which takes about an hour and a half. This is about the same length of time as a manual count, so to achieve real time savings it would be necessary to use two or more machines per constituency.

OCR counters come into their own, however, when there are a large number of candidates for different posts – in some American elections voters use the same ballot form to vote for everyone from the town dog catcher to the President.

In the UK similar OCR systems are used by the Electoral Reform Society to count votes in complex trade union and other elections. The machines used by the society can count about 5,000 ballot papers an hour and, according to the society, are accurate and reliable.

This combination of speed and accuracy is a powerful selling point for OCR vote counters, especially in elections such as the current British one where victory margins could be extremely slim and lengthy recounts look likely.

There is also a good case for automating vote-counting when more than one post is up for election, or when local, national and European elections coincide, as is increasingly likely to happen in the future.

The UK Commons committee acknowledged that eventually it might make sense to move to a fully electronic voting system – with electors pressing buttons or touching a computer screen to make their choices.

Britain's electoral system may change in the next few years – with or without the possible introduction of proportional representation. This, plus the availability of the technology, should make electronic voting irresistible.

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Heathrow Airport, Hounslow,
Middlesex, TW6 2NW,

giving general details of their Company and their experience in providing such a VAT Refund Service.

MANAGEMENT: THE GROWING BUSINESS

Charles Batchelor describes one woman's struggle to get registered with a self-regulatory body

Financial stamp of disapproval

Susan Reed wants to advise east European governments on how to fund their privatisation programmes. She thought that the best way of going about it was to register with the Securities and Futures Authority (SFA), which regulates this type of activity.

But one year later and after wasting more than £5,000 in fees Reed has decided that she no longer needs or wants their official approval.

If Reed's experience of trying to register with the SFA, one of four self-regulatory bodies set up to improve investor protection under the Financial Services Act, is typical, it reveals a system which places a very heavy burden of red tape on the smaller business.

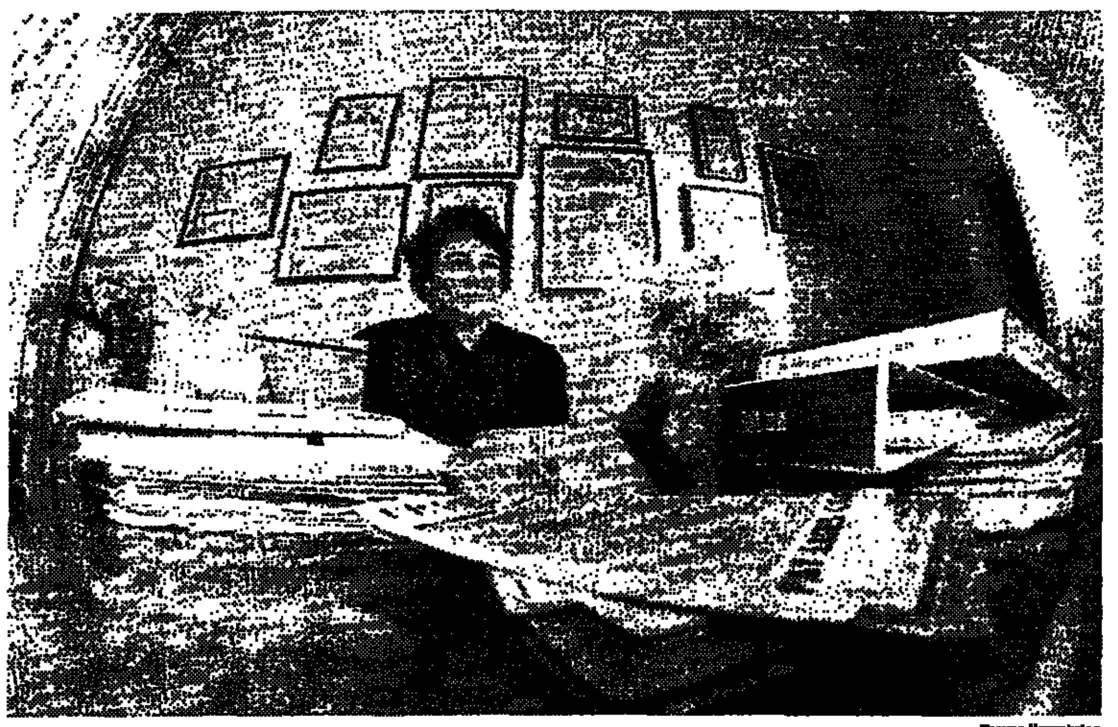
Her story suggests that the government's concern to protect investors has led to the neglect of its stated objective of reducing the bureaucracy which hampers business.

The small firm pays a heavy penalty in complying with a regulatory system which has, in recent months, signally failed to prevent some very large-scale frauds.

Reed decided to set up in business on her own after 19 years working in international capital markets with companies such as Samuel Montagu and Citicorp.

After being made redundant she spent two years training herself to use a computer and run her own business.

She decided to set up an investment banking consultancy advising governments in eastern Europe on how to finance their privatisation programmes. It was not her intention to handle client's money and she would not be dealing with the general public.



Trevor Humphries

Miaow: Susan Reed is angry about the long delays and high costs of dealing with the SFA

The diary of Reed's dealings with the SFA makes sobering reading:

- February 1991. Reed enquires with The Securities Association (which two months later becomes the SFA) whether she needs to register her consultancy, Susan Reed & Co. The TSA says it cannot advise and she must ask her own lawyers.
- April 1991. Her lawyers say she must register.
- May 20. After Reed's accountants have spent a month reviewing the documentation, Reed submits her application form.
- May 23. Reed is given the impression by the SFA that her application appears to be straightforward and it should only take "a few weeks" before being presented to the membership committee. She is asked to submit financial projections.
- Reed pays standard £2,000 application fee. The fee is the same whether an applicant employs one or 1,000 people. It also is just £80 less than the financial support Reed has received under the government's Enterprise Allowance Scheme, designed to help unemployed people start up in business.
- June. Reed is sent a copy of the TSA rule book with a wad of amendments as thick as the original volume. She spends four days reading and updating the rule book.
- July. After further work with her accountants, she submits financial documents.
- August 9. She attends a meeting of the SFA's enforcement department at which her financial statements are reviewed.
- August 23. The SFA informs Reed that her accountants are not registered with the SFA to audit member firms. She must persuade them to register or find another accountant. Reed's accountants, themselves a small firm, agree to register but only because they have another client in a similar position.
- October 24. SFA membership committee approves her application but – five months after her initial approach – asks her to change the name of her business. The SFA does not like a one-person business calling itself "& Co", she says. She suggests Susan Reed Securities but this is not acceptable either.
- October 21. An SFA official telephones to ask if Reed will send written confirmation she has no debts.
- October 25. The membership department agrees to put forward her application under the original name.
- November 7. Her application is approved. But when Reed receives written confirmation she is horrified to discover she is listed only under the section: "to provide corporate finance advice".

She had applied for a broader range of categories, including providing advice and acting as an agent for debentures. She understands corporate finance to involve advice on matters such as mergers and acquisitions.

- November-December. The SFA sends a form which allows Reed to request a change in her business profile. The form indicates that a revised profile is valid from the date it is received by the SFA but a note attached to the form says the SFA will send Reed a copy of the amended print-out of her business profile.
- January 31, 1992. Reed receives a bill from her accountant for work on her SFA application. This prompts her to chase up the SFA. Reed, who has been living off savings and money received under an insurance claim, says she has not carried out any business in the meantime. She has become involved in preparing other projects.
- March 11. Reed loses patience and writes to the SFA, effectively renouncing membership and asking for a refund of her application fee and legal and accountant's fees. She also asks for compensation for the £50,000 in lost earnings which she had projected for her first 10 months in business.
- March 13. John Young, SFA chief executive, replies to Reed's letter saying he can see no reason to make the refund. Reed says his letter does not address the issue of the length of time taken to process the application.

The SFA says it cannot comment on a specific application but it does reply to Reed in detail on March 30. Its record of events tallies in most respects with Reed's but it points out that Reed or her accountants took a long time to respond to requests for information. Once information was received it was acted upon speedily, according to the SFA.

Reed would have been told at the initial meeting that applications took 12 weeks on average to process though some straightforward ones might take less time, the SFA states.

It also finds it "implausible" that Reed would wait so long after submitting a revised business profile without checking to see whether it had been received and whether she could start up in business.

But, leaving aside the time which passed after Reed submitted her revised business profile, is a six-month wait unduly lengthy? After all, businesses which attempt to raise venture capital finance may have to devote between six and 12 months to the process. And is £5,000 too much to ask a small business to pay to register?

The SFA registration process does appear onerous for the smaller business. As Reed points out, much of the information involved financial projections, the relevance of which, for registration purposes, seemed remote.

Suggesting, as the SFA does, that Reed delayed in responding to requests for information seems to ignore the fact that it might take time to prepare.

And even if one set of procedures does not seem a heavy burden, businesses have to deal with many different organisations each setting its own rules and timetable.

Turning to the costs involved: City executives may earn more than their counterparts in industry but, until recently, few earned the level of salary which would allow them to write off £5,000 of start-up costs without blinking.

Reed says she has now decided that she does not need the approval of the SFA. "If investors need to be protected this is not the way to do it," she says. "I feel it is an abuse of power. Lots of people have been made redundant in the City. The bureaucracy prevents them from applying their skills."

In a Nutshell

Cheap and cheerful foreign exchange

The cost and time taken in making small-value money transfers across borders has long been a source of annoyance to business.

Eleven European co-operative banks have joined up to establish a system which they claim will halve the cost of cross-border payments to small businesses and personal customers and provide agreed completion times.

The new grouping, known as TIPA (Transferts Interbancaires de Paiements Automatisés), claims that TIPA-NET is the first Europe-wide payments network compared with the more limited hub-based systems operated by some other banks.

New services and payment instruments will be added as the system develops. TIPA members say they will quote a price to customers and there will be no additional charges.

The new service is designed to appeal to customers making payments below the level at which the banks' SWIFT transfer system becomes cost-effective.

TIPA's members comprise co-op banks in Austria, Belgium, Canada, France, Germany (four), Italy (two) and the UK (The Co-Operative Bank) but talks are taking place with potential members elsewhere in the European Community and in the US.

A blind date in Thessaloniki

Companies looking for business partners in Greece may find Europartenariat, a European Commission-backed match-making service, one way of making a breakthrough.

Europartenariat is a twice-yearly event which will next be held in Thessaloniki in northern Greece on June 22-23. More than 300 Greek companies in fields from construction to food processing are listed in the event catalogue.

Non-Greek participants submit a list of companies they would like to meet and the organisers fix up appointments.

Previous Europartenariats have led to agency, franchising and distribution agreements, technological co-operation and joint ventures.

An economy travel and hotel package costing less than £500 is available; the event is free.

Contact Business Briefing Consultants. Tel. 0444 416678 (for companies in England); Welsh Development Agency Tel. 0222 222666; Strathclyde Innovation Centre Tel. 041 554 5995 (Scotland); or Industrial Development Board Tel. 0232 233233. (N. Ireland).

Entrepreneurial sheep and goats

After a decade of rapid growth in the European venture capital industry venture fund managers and their investors are looking more closely at the performance of their investments.

Realising Enterprise Value: IPOs, Trade Sales, Buybacks, MBOs and Harvests is the title of a conference to be held in London on December 14-15.

The conference, which is by invitation only, is intended for entrepreneurs, venture capitalists and academics.

It will look at how entrepreneurs realise value in their enterprises in different countries.

Contact European Foundation for Entrepreneurship Research, Rue Washington 40, 1050 Brussels, Belgium. Tel. +322 648 0385.

Money back if the quality is right

Ten per cent of businesses which qualify for the BS5750 quality assurance standard recoup their costs within two years while half recover expenditure within three years, according to a survey by SGS Yarsley, the third largest UK certification organisation.

The average cost of registration for companies employing more than 75 people is £70,000, comprising registration fees of £6,000, consultancy fees of £4,000 and internal staff costs.

Savings were made on overtime payments, administration, cutting out unnecessary procedures and staff productivity, the survey of 100 companies showed.

Fifty two per cent of companies registered because of pressure from large customers; 21 per cent to improve efficiency; and five per cent to cut waste.

While just over 7 per cent of UK companies are wound up each year only 0.2 per cent of BS5750 companies fail, SGS said.

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Further details from our Sole Agents:
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Telephone: 071 629 6290. Fax: 071 493 3734. Ref: SHF/sn.

PO Box 810, Friary Court, 65 Crutched Friars, London EC3N 2NP.
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FT LAW REPORTS

Court identifies Lloyd's Names issues

ASHMORE AND OTHERS v CORPORATION OF LLOYD'S
House of Lords
(Lord Keith of Kinkel, Lord Roskill, Lord Bridge of Harwich, Lord Templeman and Lord Goff of Chieveley):
April 1 1992

A LITIGANT has no legitimate expectation that trial will proceed to a conclusion on the evidence to be adduced, and the judge's decision to hear preliminary issues of law before ascertaining whether it is necessary to go on to hear evidence should be respected by the parties and upheld by an appellate court, unless he was plainly wrong.

The House of Lords so held *when allowing an appeal by* the defendant, the Corporation of Lloyd's, from a Court of Appeal decision setting aside Mr Justice Gatehouse's order that preliminary issues of law should be tried in an action by the plaintiffs, Patricia Ashmore and 30 other Lloyd's Names.

LORD TEMPLEMAN said Lloyd's was a society of underwriters incorporated by statute and authorised to exercise supervisory, regulatory and disciplinary powers over its members.

The plaintiff Names were underwriting members of Lloyd's, organised in syndicates.

The relationship between Lloyd's and a member was governed by its constitution, membership documents and written agreement. If a Name was a member of a syndicate, business must be carried on by a managing agent approved by Lloyd's, and the Name must not interfere.

The plaintiffs became Names at various times between January 20 1971 and December 30 1981, and were members of syndicates managed by Oakeley Vaughan (Underwriting) Ltd.

They claimed damages from Lloyd's for losses on insurance contracts entered into by OVU as managing agent in 1980, 1981, 1982 and 1983.

They issued their writ on August 28 1987 and served points of claim. The trial was fixed for October 8 1990. In August 1990, they obtained leave to make extensive amendments to the points of claim. The trial began before Mr Justice Gatehouse on April 22 1991.

Plaintiffs' counsel had reached day seven in his opening when he applied to make further substantial amendments to the points of claim. The application was resisted and took five days to argue.

The judge allowed the amendments. He was reluctant to do so at so late a stage.

Lloyd's submitted that, since substantial further amendments had been allowed and the trial interrupted and prolonged, preliminary points of law should be ordered to decide whether Lloyd's owed each plaintiff any of the duties alleged in the points of claim and to decide the extent and application of its statutory *immunity from suit*.

The judge ordered preliminary points of law to be argued. The plaintiffs appealed. The Court of Appeal set aside the order. On the present appeal Lloyd's asked that it be restored.

It would be necessary for the judge eventually to decide whether Lloyd's owed any duty in law to the plaintiffs. It seemed sensible that that decision should be made at the outset of the trial.

If the decision was in the plaintiffs' favour, the judge, having defined the relevant duty, might logically proceed to hear evidence to decide whether Lloyd's acted in breach of duty. If it owed no duty, the action would end without further delay, expense or harassment of witnesses.

Mr Justice Gatehouse ordered that questions as to duty of care and statutory immunity from suit be tried as preliminary issues. It was agreed that the immunity issue was suitable for preliminary decision.

Before deciding to make the order, the judge considered the dangers involved and the House of Lords guidance in *Tilling v Whiteman [1980] AC 1.*

When a judge alive to the possible consequences decided a particular course should be followed in the conduct of the trial in the interests of justice, his decision should be respected by the parties and upheld by an appellate court unless there were very good grounds for thinking he was plainly wrong.

The plaintiffs' first objection to the preliminary issues was that the points of law to be determined did not cover their case that there was a duty in tort.

If Lloyd's owed a duty by statute or contract, the preliminary issue would be decided in the plaintiffs' favour. But if no duty was imposed by statute or contract it did not appear that a duty could have arisen in tort.

It was said that if no duty in tort existed when a Name became a member of Lloyd's, such a duty arose later towards plaintiffs who were Names on March 6 1981. That alleged duty was never clearly pleaded, but arose, so it was now said, when a Lloyd's committee member suggested amendments to and approved a *letter dated March 6 1981, sent* out by OVU to its Names.

The letter commented on a Lloyd's press release and press reports of a Lloyd's investigation into aspects of OVU's business conduct. It was said that in September 1981 Lloyd's discovered facts from which it should have realised that the letter ought to be corrected.

But Lloyd's never assumed responsibility for the letter. The plaintiffs had no right to rely on Lloyd's for the accuracy of its contents. The letter could not have created a duty in tort if no such duty existed beforehand.

The second objection was that the points of law could not be decided in advance of oral evidence concerning "admissions" alleged to have been made by Lloyd's committee members.

The court's task in deciding whether statute had imposed a duty on Lloyd's towards each member could not be affected by subsequent remarks of a committee member.

In the points of claim allegations against OVU were confused and difficult to follow. It was pleaded that by late September 1981 Lloyd's was or ought to have been well aware that OVU was thoroughly unfit to act as managing agent; that the facts required Lloyd's to act to protect the plaintiffs; and that Lloyd's, in breach of duty, wrongfully permitted OVU to continue underwriting and failed to inform the plaintiffs of the facts.

It was not said that Lloyd's came under a duty to suspend OVU until late September 1981.

It was unclear from the pleadings whether or when a duty to give information arose and was broken, but the loss and damage claimed to have been suffered included losses on contracts underwritten in 1980, 1981, 1982 and 1983.

The parties and legal advisers in any litigation were under a duty to co-operate with the court by chronological, brief and consistent pleadings which defined the issues and left the judge to draw his own conclusions about the merits.

It was counsel's duty to assist the judge by simplification and concentration.

There had been a tendency in some cases for legal advisers, pressed by clients, to make every point conceivable and inconceivable without judgment or discrimination.

Where a judge for reasons which were not plainly wrong made an interlocutory decision or made a decision in the course of a trial, it should be respected by the parties. If it was not respected it should be upheld by an appellate court unless the judge was plainly wrong.

Mr Justice Gatehouse thought he would be assisted by early deliberation of issues of law. He deserved support.

Control of the proceedings rested with the judge, not the plaintiffs. An expectation that the trial would proceed to a conclusion on the evidence to be adduced was not a legitimate expectation. The only legitimate expectation of any plaintiff was to receive justice.

The appeal was allowed.

LORD ROSKILL agreeing, said it was part of the trial judge's duty to identify crucial issues and see they were tried as expeditiously and inexpensively as possible. Litigants were not entitled to uncontrolled use of his time. Others awaited their turn. Litigants were only entitled to so much time as was necessary for proper determination of the relevant issue.

Their Lordships agreed with both judgments.

For Lloyd's: Peregrine Simon QC, Paul Walker and Matthew Reeve (NP Demery).

For the Names: Michael Lyndon-Stanford QC, Paul Griffin and Nicholas Peacock (Michael Freeman & Co).

Rachel Davies
Barrister

PEOPLE

Summing up for their lordships

David Carter has become head of the 60-strong forensic accounting team at KPMG Peat Marwick with a mission to ensure that accountants assert their influence in the courts.

Forensic accounting involves a wide range of court-related work including investigating fraud, valuing companies, assessing damages and acting as expert witness on accounting issues.

Carter says: "My aim is to make sure that wherever accountants are more appropriate than lawyers, they are allowed to do the work."

He replaces Michael Renshall, the chairman of the former Accounting Standards Committee, and stresses: "There is no sense of a household revolution. Michael is just easing off but will continue to be a part of the team."

Carter, 54, was previously head of corporate finance at KPMG, and has previously held a number of senior managerial positions. He began by studying law at university but switched to history, and believes accountancy involves a "happy mix" of words and numbers.

"I have a limited amount of grey hair," he adds. "It does help when you are in front of their lordships."

Buckley shines on Sun Life

Henderson Administration, the fund management company, has moved to bolster confidence in its investment skills by recruiting Ian Buckley from Sun Life Asset management to head its group investment business. Ben Wray, who has been heading that section, will remain Henderson's deputy chairman and chairman of the investment policy committee.

Henderson, following patchy investment performance in the late 1980s, has had a net loss of its key pension fund clients. In 1991, it listed 187 pension funds for which it managed money, down from 246 in 1989.

Buckley, 43, who had a reputation as a no-nonsense manager at *Sun Life*, was in charge of global asset allocation policy there. At the moment, Buckley says, his portfolio is heavily invested in cash awaiting the outcome of the election – presumably the emergence of a Labour government could present some handsome buying opportunities among UK equities. Significantly, his new job at Henderson does not begin until *May*.

Jeffrey joins Charterhouse

Hoping that his experience proves the marketplace for economists in the City is still alive is Richard Jeffrey who, three months after being made redundant from one stockbroker, has just landed a top job with another.

Jeffrey, 34, takes over next week as head of research at Charterhouse Tilney, a leading agency stockbroker; he previously held a similar position at Hoare Govett.

Jeffrey, who lost his last job after the firm sacked large sections of its research team, says he spent his three months away from the City recharging his batteries and seeing more of his three children.

He will take over a research team of 25. About a third of these are in London, where Jeffrey will be based, and the rest in Liverpool where Charterhouse Tilney has a strong regional presence.

Jeffrey spent 10 years at Hoare Govett where he built up a reputation for independent thought on economic matters. He thinks Britain made a big mistake joining the European exchange rate mechanism and thinks the high interest rates and slump in house prices of the past year make the economic outlook for Britain extremely gloomy.

Musical chairs at Hillsdown

Hillsdown Holdings, the international food group, is making a number of appointments to address the development of its North American business and the European single market.

Charles Bowen is moving to Canada to run Maple Leaf Foods, the 56-per-cent owned North American subsidiary. Sir Harry Solomon, chairman, says Maple Leaf has reached the stage when the most of the rationalisation has been done and Bowen is the "ideal chap to develop the business" as he had a lot of experience in North America and the group needed a main board director resident there.

In Europe the group is looking at product categories on a Europe-wide basis not by market. Bart Constandse will become chairman of the Premier companies – such as Cadbury's biscuits brand – in the UK and Europe, and will join the main board. Michel Buswell will be responsible for meat across Europe, Keith Lillington will take charge of canning and bottling on a European basis.

Michael Teacher is appointed managing director of a new group set up to run the furniture and specialist companies.

Chief postie

Kevin Williams has been appointed operations director of the Royal Mail. He will be responsible for the daily collection and delivery of 60m letters in the UK, 140,000 postal workers and a transport fleet of 30,000 vehicles – the biggest in Europe, boasts Royal Mail. Turnover of the letters business is over £3.4bn.

Williams' predecessor, John Mackay, has become director and general manager of letters in Scotland and Northern Ireland.

One of Williams' interests is **European twinning; he chairs the UK branch of an organisation which promotes links between European postal services. Aged 43, Williams graduated in French from Exeter University and joined the organisation as a trainee in 1971. His European interests will help as Royal Mail and other parts of the Post Office examine EC opportunities.**

Finance moves

■ Guy Slocum, previously sales and marketing director at Hill *Samuel, is appointed London* regional manager for SAVE & PROSPER, and Michael Labrow, previously sales director for Legal & General's salesforce, southern regional manager.

■ Michael Ridley is appointed a vice-president in SALOMON BROTHERS capital markets group in London; he moves from Westpac Banking Corporation.

■ Chris Mower is promoted to regional director for Scotland, Northern Ireland and the north east of ABBEY LIFE Assurance.

■ Niklas Midby is appointed director of corporate finance of CHARTERHOUSE BANK; he moves from Salomon. Simon Cooke is also appointed a director. Brian Scoular is appointed a director of Charterhouse Development Capital.

■ Ronald Carlson is appointed a director of the investment banking division of MERRILL LYNCH INTERNATIONAL in London; he moves from Credit Suisse *First Boston.*

■ Richard Green and Michael Head are appointed directors of ALLIED PROVINCIAL SECURITIES.

■ Robert Taylor has been appointed director and co-head of equity capital markets at COUNTY NATWEST SECURITIES; he moves from BZW.

■ *The Hon James Bruce and* Henry Strutt have been appointed directors of ROBERT FLEMING HOLDINGS.

■ David Benson is appointed chairman of KLEINWORT CHARTER INVESTMENT TRUST on the retirement of Michael Devas.

■ Rolf Finzeler is appointed director of the Japan desk of *SWISS BANK* CORPORATION's capital markets and treasury division based in London.

■ William Jackson and Vincent Gwilliam are appointed directors of COUNTY NATWEST VENTURES.

■ Anthony Bushell is appointed a director of LLOYDS SMALLER COMPANIES.

LEGAL NOTICES

INTERNATIONAL CREDIT BANK, GENEVA, IN LIQUIDATION UNDER SCHEME OF ARRANGEMENT (I C B)

Important Notice to the Owners of Shares of two former I O S funds, namely

THE FUNDS OF FUND LIMITED IN LIQUIDATION, (F O F)
and
INTERNATIONAL INVESTMENT TRUST IN LIQUIDATION (I I T)
held by ICB in a fiduciary capacity

The Beneficial Owners of FOF and/or IIT shares held by ICB in a fiduciary capacity are hereby informed of the payment of a liquidation dividend and are requested to submit their valid claim within sixty days from date of publication, supported by all necessary documents, proof of identity, verification of signature, etc. to

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Deloitte & Touche SA
P.O. Box 718,
1215 Geneva 15
Switzerland

CONTRACTS & TENDERS

INVITATION FOR BIDS

Loan No	: 2602 TU
File No	: 114-ISB/DIB-261
Order No	: 114-ISB/DIB-261
Date of Issuance	: 8.4.1992
Bid Submission Date	: 25.5.1992

1. The TURKISH ELECTRICITY AUTHORITY, hereinafter referred to as TEK, has received a loan amounting 140,000,000 USD from the WORLD BANK in various currencies towards the cost of Power Systems Operations Assistance Project and part of the proceeds of this loan will be applied to eligible payments under the Contract(s) for which this Invitation For Bids is issued.

2. The TURKISH ELECTRICITY AUTHORITY now invites sealed bids from eligible Bidders for supply of a total of apparatus and equipment for distribution systems. All the above equipment shall be supplied according to the Bidding Documents. Each bidder may submit a bid for any item of instruments or combination of items. All bids and combination of bids shall be opened and evaluated simultaneously in order to determine the bid or combination of bids offering the total advantageous solution for TEK. The bidders shall be allowed to offer a discount price for the combination of the contract.

3. Interested eligible Bidders may obtain further information from and Inspect the Bidding Documents at the office of:

TURKISH ELECTRICITY AUTHORITY
General Management
Commercial Affairs Department
İnönü Bulvari No: 27 Kat: 1
Bahçelievler Son Durak
ANKARA/TURKEY
Telex: 42245 tek tr

4. A complete set of Bidding Documents may be purchased by any interested eligible Bidder on the submission of a written application to the above office and upon payment of a non-refundable fee of 50 USD or 300,000 TRL (excluding VAT) at the following address:

TURKISH ELECTRICITY AUTHORITY
General Management
Department of Finance
İnönü Bulvari No: 27 Kat: 4
Bahçelievler Son Durak
ANKARA/TURKEY

Those Bids submitted by the Bidders who did not purchase the Bidding Documents shall be rejected.

5. All bids must be accompanied by a bid security in an acceptable form of not less than 3% (three percent) of the bid price and must be delivered to the above office on or before 12.00 hours on 25.5.1992.

6. Bids will be opened in the presence of those Bidders' representatives who choose to attend at 14.00 hours on 25.5.1992 at the office of:

TURKISH ELECTRICITY AUTHORITY
General Management
Procurement Commission
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ARTS

Alexander Calder's Moving Parts

Hooked on motion

The Alexander Calder retrospective, now in the Sackler Galleries at the Royal Academy, comes to London from the Whitney in New York. Not over-large, it celebrates – perhaps a shade too earnestly – a talent itself stretched a shade too far. Such tends to be the American view of its own artists and their masterpieces. Yet the decorative charm and engaging physical nature of the works are undeniable, qualities reflected in the evident popularity of the show. Calder remains after all that comparatively rare bird, a modern and abstract artist of genuinely wide appeal.

His reputation rests on a single technical innovation, which is now the commonplace of every nursery school, playgroup and children's bedroom, the suspended and counterbalanced mobile, swinging and twisting prettily to every puff of air. Once established, however, the device proved to be one he would work only in terms of elegant and colourful variation, rather than actual formal development. Not for the last time, in American art especially, did such formal limitation provide the key to the critical pantheon.

Such was Calder's "breakthrough into style", and nothing exposes its creative inadequacies more cruelly than his attempts late in his career to move back to a more conventional method and sculptural statement, static and monumental. His reversion to what he called the "Stabile" was a master-stroke of self-presentation, capitalising wonderfully in a mere syllable on what was by then his deeply ingrained success. Yet here again is the same formula, only writ large and without benefit of diversionary movement, the same amorphic silhouettes slotted and bolted together to arch and stride across the floor, like grotesque crabs.

The truth is that Calder was from the very first a derivative and essentially graphic – which is to say twodimensional – artist, albeit blessed for the most part with an admirably light touch and graphic wit. The determining influences are manifest, Cocteau, Arp, Gabo and Miro in particular. They mark Calder as the eternal and unrepentant surrealist, for all the abstract nature of his mature work.

Born in 1898, he had been in Paris in the late 1920s, living and working within the ambit of the School of Paris, and forming several lasting friendships. Though he was never resident for long, he was the one American artist whose reputation survived the Great War who was openly and closely associated with European modernism of the 1930s.

The earliest work indeed is as intriguing as any for the way in which it toys with the sculptural possibilities of the graphic image. A portrait head, a pair of acrobats, a prancing horse, for example, are all drawn in wire very much in the manner of Cocteau's nervous sophistication, yet they move through and into space in a most curiously positive and physical way. With the head of Varese in particular, made in 1931, the face comes forward, moving across and against the back of the head in hypnotic parallax, a movement the more active for being implicit and induced.

Who knows where such playful openness may have led him, the more so when combined with such figurative imagery? In the event it was to be the actual physical movement that claimed him, for his first mobile dates from 1932, and abstraction with it. The pattern was set.

Of what does the characteristic Calder mobile consist? A simple plane and brightly coloured shape, occasionally geometric but usually vaguely organic, leaf-like perhaps, is attached to a wire or rod and counterbalanced by another, or instead fastened to another similarly encumbered at the point of balance, and so by progression, the whole cranky and captivating structure is built up. Room must be allowed for each arm to sway past its neighbour-partner, the urge to test the possibility irresistible. The elements thus shift constantly in their relation to each other, the whole re-forming itself each instant.

Alexander Calder's gouache Menagerie of 1975

Nothing could be more charming or diverting, like watching a tree wave in the wind, or gulls wheeling and diving against the cliffs. But here is the problem which Calder never resolved, and which faces all artists who choose to introduce movement as an element and character of the work. For in the end, the artist may be forced to accept that what engages the viewer is not so much the work itself, but the movement alone, just as the snake is transfixed by the sway of the pipe.

The test is quite simple: how dull these things are in their refinement when finally at rest – as too often they are at the Academy, where the visitor is not allowed to set them off again with a gentle touch.

What is left is but a demonstration of elegant and repetitive ingenuity. We follow the scheme and principle of balance through the work like a map, wonder at the articulation and contrived asymmetry, and relish at last the oddities and improbabilities of gravity: but we hardly notice the work. Calder's influence is clear enough, and movement in sculpture once introduced is here to stay.

But it works only when the artist accepts that the movement itself is the formal point, something not incidental but essential. It might be William Pye experimenting with water in motion, but turn off the tap and there is no sculpture; or George Rickey with his tall, precarious monuments to the wind.

Most spectacular of all were the works of Peter Logan that were recently in London, occupying the Economist Plaza off St James's in the months either side of last Christmas. Whirling and turning in the gusting and eddying wind with a furious and dangerous precision, these beautiful objects, in fact no more than posts with mobile arms, held the imagination in endless fascination. The movement was all.

At The Royal Academy, Piccadilly, until June 17. Sponsored by Guinness Peat Aviation, with help from the Henry Moore Foundation.

Queen Elizabeth Hall

Weekend recitals

Sylvia McNair has achieved her leap into the affections of the London public with remarkable speed. A single appearance each at Glyndebourne and Covent Garden and several more in various South Bank and Barbican concerts served to introduce her; last Friday's song recital at the Queen Elizabeth Hall completed the picture.

It was a delight from beginning to end. In common with her fellow American Barbara Bonney, she uses a light-lyric soprano of ravishing quality with a forthrightness unusual in the breed. This was not just a sustained demonstration of words and notes purely uttered, of phrases cleanly traced with not an ounce of waste or cloudiness in the delivery – though all of those virtues were abundantly in evidence. It was a recital by a sharply honed artistic personality, with grace, wit and intelligence as its particular characteristics.

In the opening Purcell group, Miss McNair's way of gracing the words, while holding her line immaculately taut, showed off the lineaments of her imagination quite as much as attributes of her voice. In a selection of Hugo Wolf's Mörike songs, her infusion of dramatic vitality into every poetic and musical image betokened a keenly personal, individual perception of Wolfian scale.

This was a bouquet of pleasures out of all proportion to their length, especially with so admirably responsive a pianist as Roger Vignoles to support their inspiration. In Strauss, the voice, free of all "Viennese" mannerisms, can nevertheless shine and soar with all the needed lissomeness of movement. Perhaps most appealing of all was her closing selection of Leonard Bernstein songs: the *I Hate Music* and *La Bonne Cuisine* cycles, the two Rilke love songs and "Somewhere" as tenderly unsentimental finale.

In such material is all too easy to go coy, sassy or plain mushy; instead, Miss McNair's cool tones and flick-of-the-eyelid comic underplaying opened out unsuspected dimensions in all the songs. She has made many people extremely impatient for her next recital.

*

On Sunday afternoon, Piotr Anderszewski crept sullenly on to the same platform, threw his audience a cursory bow, and proceeded to offer just about the most worrying display by a talented young pianist that I can remember. Mr Anderszewski is the young Pole who sparked interest at the last Leeds piano competition by suddenly departing the second round in mid-performance. This indicated a refreshing capacity for self-criticism; the main quality demonstrated on Sunday was a debilitating combination of eccentricity and narcissism.

The hall lights were plunged low while Mr Anderszewski communed with himself at length in Bach's E minor Partita, stroking the melodic phrases with hyper-romantic delicacy and reducing even the most vigorous dances to a slow crawl. It was a personal vision of Bach – obviously sincere and achieved with the most fastidious technical control – that quickly proved tedious.

Mr Anderszewski seems to lack the intellectual toughness that redeemed Glenn Gould's similar eccentricities in Bach: he moons over the music. After the same dynamic effects and extremes of tempo had been operated on Beethoven's Op. 119 Bagatelles, to even more irritating end, I fled from the hall, thus sparing myself his Beethoven Op. 110. I pray this outstandingly gifted young man acquires a mature mentor on the art of recital-giving before doing his reputation any further damage.

Max Loppert

OBITUARY

Isaac Asimov

Isaac Asimov, the Russian-born US writer who died yesterday at the age of 72, was probably the best-known 20th century author of science fiction, writes Gay Firth.

Born in 1920, he received a PhD in biochemistry from Columbia University, New York, but at 38 left teaching to write full-time. "Sci-fi" formed only part of his output. As prolific as he was popular, about 400 books for lay readers cover a variety of scientific topics, such as The Human Brain (1964) and The Collapsing Universe (1977).

Of about 100 sci-fi novels and stories – many made into films – his short story Nightfall (1941) is possibly the best. The most interesting may prove to be a landmark trilogy, Foundation (1951-1953), built round a version of social determinism transplanted to a trans-galactic community.

Asimov's unshaken faith in the potential of technology to bring order to society placed him among the most well-meaning of writers. He developed his sci-fi subjects and his style (readable, but somewhat stolid) while contributing to the magazine Astounding, and stuck to them for 50 years.

The I, Robot series of novels (which introduced Asimov's Three Laws of Robotics, the first of which states that "A robot may not injure a human being or, through inaction, allow a human being to come to harm") brought critical mockery, even notoriety, for their degree of mechanical dialogue from their all-too-robotic human characters.

BALLET

White Oak Project

Clement Crisp

After *Swan Lake*, what? For those great dancers who left the security and predictability of Soviet ballet, the West offered change and challenge – and routine.

Makarova, Nureyev, Baryshnikov, in their very different ways, sought to escape from the classic treadmill to which their gifts and their public image condemned them.

For Mikhail Baryshnikov the need has been to reconcile what his dance genius dictated – which was the most disciplined, yet the most ardently daring ventures into classicism – with what must come after, when the wise artist accepts that his gifts have changed physical gear.

Hence Baryshnikov's interest in the work of Mark Morris, most sympathetic (because musical and imaginative in steps) of the new generation of post-modern creators. For American Ballet Theatre, when Baryshnikov was its director, came Morris's fluent *Drink to me Only*. With Morris, when he was at La Monnaie in Brussels three years ago, Baryshnikov found a fascinating persona as the tense private-eye of *Wonderland*. Lately the two men have united in the White Oak Dance Project, a modern dance ensemble which surrounds and complements Baryshnikov as performer, with Morris providing the chief choreographic identity.

Its first London appearance on Thursday night was schizoid. The evening began with the statutory "introducing the company" romp. The audience – who could not, surely, have been expecting the *ci-devant* Baryshnikov – see nine dancers in undress of tee-shirts and black tights, thumping about in Morris's little *Canonic 3/4 Studies*. These are tiny, laboured jokes in which Baryshnikov looks like a monarch slumming, and worse is to come.

Rob Besserer is involved in a fatuous mime scene by Meredith Monk, and Carol Parker, topless but in a tarlatan skirt, her face bandaged, is called upon to impersonates a senile ballerina in Martha Clarke's vulgar *Nocturne*. It contrives to be pointless, vulgar, and not a little offensive in its view of ballet. Miss Parker, with exquisite tact, hides what her absence of bodice might reveal.

The artistic indecision implicit in such items is further stressed by Baryshnikov's part in f Lar Lubovich's glutinous *Concerto 622*. This is the ultimate Buddy-ballet, with two chaps being very, very supportive as the slow movement of the Mozart clarinet concerto is sentimentalised by cheap-jack dance.

It may not be accidental that after this unpleasant little incident, Baryshnikov appears as the Penitent in Martha Graham's *El Penitente*. He makes handsome amends for what has gone before. The staging, with its austere Noguchi design, is serious. Terese Capucilli (from the Graham company) and Kenneth Tosti are very good as the Woman and the Christ-figure, and Baryshnikov's concentration, his sense of contrition, are ideal.

Ideal, too, his appearance in Morris's *Ten Suggestions*. These are lightning sketches set to Tcherepnin piano bagatelles. When Morris danced them – and danced them brilliantly – the emotional opulence of his presence and the pink satin pyjama-suit he wore, gave the piece a slightly *faisandé* air. Baryshnikov brings something both innocent and dazzlingly sure to his performance.

The pink satin looks in no way ambiguous; the stunning control of Baryshnikov's dancing – tiny fast runs; falls that melt and move on – tell better than anything else he does that he is still what he was: a uniquely gifted dance artist. We see a physical command – a mastery and a freedom in timing; a power to imbue the least action with drama in its dynamics – that reveal Baryshnikov's art undiminished in its truth, still able to grip our attention utterly by its visual and emotional force.

The evening ends with Morris's *A Lake*. In it he uses Haydn's second horn concerto as a basis for dances that manipulate movement ideas with craft, though formula seemed to me more evident than invention. It is carefully made, rather self-conscious in its steps, as in its updated and hideous rococo costumes, and shows Baryshnikov as minimally part of the team. In this it reflects the identity of the whole evening – but without Baryshnikov the programme would be insupportable. The management, incidentally, might remember its duty to the public: a programme change was unannounced.

Sadler's Wells Theatre, until April 12. Programming may vary. Box office (071) 278 8916.

Two Strauss sopranos

Since the last round of musical chairs in conductors' appointments, Kurt Masur has come to look increasingly influential. From his triple power-base in Leipzig, New York and London, he presides over musical centres in both the old and new worlds, from which he can forge important partnerships in music-making.

Over the past fortnight he has made two appearances in London. One was as a guest with his own Leipzig Gewandhaus Orchestra, the other with the London Philharmonic, of which he is principal guest conductor. But on each occasion the spotlight fell on the soloist he brought with him, in each case a leading soprano. Both are comparatively rare visitors to this country, and both sang Masur's favoured composer, Richard Strauss.

At the Royal Festival Hall with the London Philharmonic on Saturday, the singer was Kathleen Battle. A favourite in New York, her artistic home, Miss Battle entered looking like a fairy-tale princess and went on to play the starring role that was expected of her with consummate artistry.

There is indeed a magic about her singing, though that is in part because the voice is so small that the audience has to sit in hushed attentiveness to hear her at all in a hall of this size. With that in mind, she had chosen her Strauss songs carefully. A pair of the Brentano Lieder, natural material for a Zerbinetta, were gossamer-light, spun with an exquisitely fine thread of sound. "Waldseligkeit" floated effortlessly. Only "Morgen" disappointed, too fast and insubstantial.

It was with a group of Duparc songs that her limitations really became apparent. A brief thought back to Janet Baker in the opening lines of "Phidylé" was enough to make Battle seem monochrome and inexpressive by comparison. The other songs, too, were rendered sweet nothings, charmingly sung, but saccharine and shallow. At least the singer was fortunate that Masur was such a considerate accompanist, allowing every wisp of sound to be heard.

There could hardly have been a greater contrast with the other concert 10 days earlier. This was at the Barbican, in the Great Orchestras of the World series, when Masur brought the Leipzig Gewandhaus Orchestra over for an all-Strauss programme. The singer on this occasion should not by rights have been the raison d'etre of the evening, but she was – firstly because the orchestral items were meagre, secondly because the singer was Julia Varady in the Four Last Songs.

Next to Battle's flighty, girlish Strauss, this was adult singing and no mistake. Varady possesses one of the true Straussian voices of the day, the tone ample and unforced, even at the most taxing moments. She took her time with the music, breathing wherever necessary, and gave the songs a dignity and a generous soaring breadth that are all too rare. The Four Last Songs have never sounded greater.

Richard Fairman

Wax Acts

Ruby Wax is rude, not suggestive-rude, but cantankerous-rude. She is encouraged to be – she is a foreigner, an American. This allows her to play the holy fool, asking the questions, drawing the conclusions, spilling the beans about the most intimate parts of the human, and national, psyche.

Her one-woman show is an extended howl of outrage – just what her fans want to hear. She is moaning from the start, as she wanders on to a set dominated by a picture of her brightly provocative teeth, one of which is appositely gold-capped. The theatre management is treating her badly – no car, no helpers, and a lavatory in her dressing room like the black hole of Calcutta. Helpfully, she shows us a Polaroid of it.

The first half of the act stays mainly devoted to the bottom part of the body. Much of it hits at the softest of targets – can there still be laughs in bidets? – but sometimes she gets popular fads in her sights and scores a bull's-eye – "show me a vegan and I'll show you a face full of zits", she promises.

Her graphic descriptions of the agonies of childbirth threaten to doom the human race to extinction. At least she includes self-abuse in her repertoire – "when I was young we used to pout in the mirror to look like Bridgette Bardot; I looked like Alfred Hitchcock".

After the interval, the ground gets softer, as she picks apart her native land, her childhood, her family. Here again the nuggets gleam: "Americans look as if douched with Perrier". The line is delivered with appropriate gestures. And that is one of Ruby Wax's strengths. She is a very physical performer and when she lets loose on a castigation, with arms flying, eyes bulging, body exploding, the effect is numbing.

She ends by blowing the most vigorous raspberries seen on the West End stage. If her material is not a patch on the observations of the home grown comedienne Victoria Wood, Ruby Wax would certainly enhance, no dominate, most stages as an actress.

Her show is discreetly directed by Alan Rickman, who might try to sharpen up the first 20 minutes.

Antony Thorncroft

Ruby Wax was at the Globe Theatre, Shaftesbury Avenue, before a national tour.

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Song recital by Dmitri Hvorostovsky. Fri: Residentie Orchestra plays Tchaikovsky and Smetana. Sat: Netherlands Chamber Orchestra. Sun afternoon: Frans Brüggen conducts Bach's *St John Passion*. Sun evening: piano recital by Krystian Zimerman (6718 345)
Muziektheater 20.15 Dutch National Ballet in choreographies by Frederick Ashton, *Ashley Page* and Toer van Schayk. Next Mon: world premiere of Alfred Schnittke's opera Life with an Idiot (6255 455)

■ BARCELONA

Gran Teatre del Liceu 21.00 Song recital by Katia Ricciarelli. Tomorrow, *Fri and Sat*: Donizetti's Maria Stuarda (412 1466) (268 1000)

■ FRANKFURT

MUSIC/DANCE
Alte Oper 20.00 Recital by Viktoria Mullova, accompanied by Bruno Canino. In the Mozart Saal: Moscow Piano Trio. Tomorrow: Mischa Maisky plays the Dvořák Cello Concerto with the Prague Symphony Orchestra conducted by Libor Pesek. Thurs: Pesek conducts Dvořák's Stabat Mater. Fri: *Chick Corea Elektric* band. Sun morning: Yuri Ahronovich conducts Glazunov and Prokofiev (1340 400)
Opernhaus This week's repertory includes La clemenza di Tito, Carmen and William Forsythe's ballet Isabelle's Dance (236061)

THEATRE
Schauspielhaus 19.30 The Merchant of Venice directed by Wolfgang Engel. The repertory also includes plays by Gerhart Hauptmann, Steve Berkoff and Schiller (2123 7444)
English Theater Kaiserstrasse 20.00 Sleuth, Anthony Shaffer's English country house thriller. Daily except Mon till May 2 (2423 1620)

■ LONDON

Sadler's Wells 19.30 White Oak Dance Project with Mikhail Baryshnikov. Daily till Sun, except Thurs (071-278 8916)
Covent Garden 19.00 Les Contes d'Hoffmann with Neil Shicoff and Samuel Ramey, also Sat. Thurs: Kirov gala (071-240 1066). Tomorrow at *ENO: David* Pountney's new production of Don Carlos (071-836 3161)
Royal Festival Hall 19.30 Evgeny Svetlanov conducts the *Philharmonia in works by* Tchaikovsky and Debussy. Thurs: Zubin Mehta conducts the LPO (071-928 8800)

■ MADRID

Tonight at Teatro Monumental: Helmuth Rilling conducts Bach (429 1281). Tonight and tomorrow *at the Auditorio Nacional: Daniel* Barenboim conducts the Chicago Symphony Orchestra. Thurs: concert of baroque choral music. Fri, Sat, Sun: Aldo Ceccato conducts the Spanish National Orchestra in Escudero's Sinfonia Sacra and Verdi's Four Sacred Pieces (337 0100)

■ NEW YORK

Avery Fisher Hall 20.00 André Previn conducts the New York Philharmonic Orchestra in a Beethoven programme. Thurs, Fri, Sat: Tennstedt conducts Bruckner (875 5030)
Carnegie Hall 20.00 Garrick Ohlsson plays two Beethoven piano sonatas and Chopin's 24 Preludes op 28. Fri: American String Quartet (247 7800)
Metropolitan Opera 20.00 Charles Mackerras conducts Billy Budd, with Graham Clark, Thomas Hampson and James Morris, also Sat. *Tomorrow: La fanciulla del* West with Domingo (362 6000)

■ PARIS

Théâtre des Champs-Elysées 20.30 Recital by Maria Joao Pires and Augustin Dumay. Thurs: Ivan Fischer conducts the Orchestre National de France (4720 3637)
Châtelet 20.30 Esa-Pekka Salonen conducts the Swedish Radio Symphony Orchestra in works by Lutoslawski, Bartók and Berwald, with Andras Schiff piano soloist. Tomorrow, Fri, Sun: Dallapiccola's one-act opera Il Prigioniero (4028 2840)
Palais des Congrès 20.30 Ukraine National Ballet in Virksy, Miroslav *Vantoukh's choreographic tribute* to the company's co-founder. Also Thurs, Fri, Sat and Sun (4068 0006)
Opéra Bastille 20.00 Noh theatre production by Yukio Mishima, also tomorrow, Fri and Sat (4001 1616)

■ PRAGUE

CONCERTS
Smetana Hall: tonight's concert by the Czech Radio Symphony Orchestra is conducted by Jin Wang, and includes works by Mahler and Mendelssohn. Peter Toperczer gives a piano recital on Sat, with works by Beethoven, Debussy and Janacek (u Prasne brany 2, 232 5858). Thurs and Fri: Eliahu Inbal conducts the Czech Philharmonic Orchestra in works by Weber and Richard Strauss (231 9164).

OPERA
National Theatre: tonight's performance is Don Carlos. Thurs: Bohumil Gregor conducts a revival of Katya Kabanova. Sun *afternoon: Bartered Bride.*
Prague State Opera (formerly Smetana Theatre): this week's repertory includes L'elisir d'amore on Fri, Rienzi on Sat and La traviata on Sun.
● For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Prikope 16, 228738, or Melantrich, Wenceslas Square 38, 228714) and theatre box offices.

■ ROME

Teatro dell'Opera 18.00 George Prêtre conducts Verdi's Requiem, repeated on Thurs and Sat (488 3641)

■ WASHINGTON

THEATRE
● Life During Wartime: Keith *Reddin's comedy about a college* graduate facing up to love with an older woman, the morality of business malpractice and the realities of American life. Runs till May 5 (Woolly Mammoth, 393 3939).
● Conrack: a dynamic musical based on Pat Conroy's autobiographical novel The Water is Wide, about his days teaching *African Americans* on an impoverished island off the coast of South Carolina. Runs till April 26 (Fords, 3470 4833).

CONCERTS
Kennedy Center Tonight: an evening with pop singer Anne Murray. Thurs and Fri: Zdenek Macal conducts the National Symphony Orchestra in works by Rossini, Tchaikovsky and Dvořák. Sat: Gidon Kremer is soloist with the Boston Symphony Orchestra. Sun afternoon: Bach's St John Passion (467 4600)

JAZZ/CABARET
Blues Alley Jazz Supperclub This week's guests are the Charlie Byrd Trio (guitar). Next week: pianist Ramsey Lewis (1073 Wisconsin Ave, in the alley, 337 4141)
Barns of Wolf Trap Tomorrow: Twelve Gates to the City, an evening of Gospel styles with the 15-piece trombone band The Kings of Harmony, plus Gospel vocalist and pianist Fontella Bass and the Birmingham Sunlights *a capella group. Sat: Carolina* House Party, celebrating Anglo and African American musical traditions in the mountain and lowland regions of the Carolinas, *with country fiddler Pappy* Sherrill and the Hired Hands, plus blues guitarist Drink Small (703-938 2404)

■ *ZURICH*

MUSIC
Tonight's Tonhalle concert is conducted by Erich Leinsdorf, with works by Liszt, Stravinsky and Offenbach. Repeated tomorrow, Thurs and Fri (201 1580). Sat: Andras Schiff and Peter Serkin play Bach with the *Camerata Bern* (261 1600). Tomorrow in Opernhaus: ballet double-bill. Thurs: Harnoncourt conducts Fidelio (262 0909)

THEATRE
The Schauspielhaus repertory includes Gogol's The Government Inspector directed by Achim Benning and the Elizabethan thriller Arden of Faversham, directed by Terry Hands (221 2283)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – *weekly indepth analysis* from FTTV
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report *with James Bellini*
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Tuesday April 7 1992

Conservatives and the Union

JOHN MAJOR has played the Union card, but he is unlikely to find it a trump. The disillusioned home buyers of England are shaken by their economic prospects, not stirred by past tunes of glory. Nor will Scots thus be frightened into supporting the party of Mrs Thatcher's English ascendancy. Even if Mr Major were to win by these means, his victory would be Pyrrhic. A fourth Conservative term would be more likely to increase Scotland's disillusionment than reconcile it to the status quo.

The worry is whether, however tactically inept, Mr Major is right to prophesy that Scottish devolution would lead to dissolution of the UK. For where he is correct is in his belief that the Union is worth preserving. Scots do not disagree. According to the polls, parties supporting the Union are likely to obtain almost three quarters of the Scottish vote. At the same time, the party supporting the status quo is likely to get less than a quarter of the vote. How then can the Scots be denied what they obviously want: a greater degree of autonomy within a still United Kingdom?

They cannot be. The question is rather how that desire can be accommodated. The difficulty – the so-called "west Lothian question" – *is how to reconcile* Scottish home rule with politically legitimate government in England.

Untenable solution

The Labour party hopes to have *its cake while eating it. It plans* to rule Scotland with its Scottish votes, but also to rule England with its Scottish votes. It intends to give a new Scottish parliament control over local government, health, housing, transport, the environment and some economic powers, including the right to alter income tax by 3p in the pound. Meanwhile, it wishes to introduce a feebler form of regional government into England, but otherwise to rule England from Westminster on the basis of a presence that will probably include some 50 Scottish members. This would prove no more tenable a solution than the status quo is to Scotland now.

An ad hoc solution would be to reduce Scottish representation from its present level of 72 MPs to a more demographically correct level of around 58. The justification for combining Scottish devolution with government of England by a Westminster parliament with such a reduced Scottish representation, would be that Scotland is so outweighted by England in the determination of the Union's common policies that its voters should be allowed a compensating say in English internal matters. The acceptability of such a solution to the English (if not to the Labour party) might be further enhanced by *lowering* Scottish representation at Westminster below that justified by its share in the population of the UK.

Alternative way

An alternative solution would be to admit that what is sauce for the Scottish goose is sauce for the English gander. Yet if only English representatives could vote on purely English matters, there might have to be a separate government of England. Even if limited to supposedly internal matters, such a government would be an even more formidable rival to the Union government than Mr Yeltsin's Russia was to Mr Gorbachev's Soviet Union.

Finally, England might be federalised. Provided the powers given to the new "states" were roughly comparable to those granted to the proposed Scottish parliament, this would avoid the anomalies of the other two options. But there remains a large problem. England has no history that would support such a division. Local government *is one thing; federation another.*

The demand for a degree of Scottish self-government cannot be resisted. On this, Mr Major is wrong and the Labour party quite right. But the Union should also be preserved. This cannot be done if Scottish self-government is not combined with further radical changes to the government of the UK. Somehow a way must be found, acceptable to people on both sides of the border, that will preserve the Union, while giving Scotland the autonomy it seeks. Nobody should be fooled into believing it will be easy to find; nobody should be fooled into believing it can be found without deep changes in British government; but nobody should be fooled into believing that it can be stopped by just saying no.

After the peseta, the escudo effect

THE EUROPEAN exchange rate mechanism has become the only monetary policy game in Eurotown. Portugal's decision to join the ERM over the weekend, initially on wide bands, confirms the political importance now attached to membership. Economically, the Portuguese government's decision to give up its independent monetary policy is risky and could be highly costly. Politically, in the current European environment, it had little choice.

The motivation behind the government's decision is a desire to meet the Maastricht convergence rules and join Emu at its inception. Portugal's consumer price inflation has eased in recent months but, at over 8 per cent a year, remains twice as high as *inflation-obsessed Germany.* To join Emu in 1997, it must halve its current inflation rate, shave more than 2 percentage points off the fiscal deficit as a share of gross domestic product and move to narrow ERM bands by 1995.

Whether five years of austerity make *sense* for the EC's second poorest country is questionable. EC membership has delivered rapid economic growth, rising foreign direct investment and large-scale EC transfers without ERM membership or German-style inflation. Moreover, the current European environment may change. If Germany's economic and political difficulties persist and the timetable for monetary union is postponed, slow growth in socialist France and post-election Britain may become too much to take.

Clear imperative

Yet unless Emu is shelved the political imperative for smaller countries like Portugal is clear: if they want to be good Europeans, especially in the eyes of the Commission, they must knuckle down. No-one is sure where following the Pied Piper of Brussels will lead; but no-one wants to be left behind.

Nor is there any theoretical reason why Portuguese incomes should not continue to catch up with the rest of Europe either within the ERM or in a monetary union. The US South has been doing do for the past 100 years. What would slow this real convergence is if the transitional cost of reducing Portugal's inflation rate to European levels turned out to be high.

The economic rationale for ERM entry is that it will reduce the costs of nominal convergence by making monetary policy more credible and guiding expectations towards the low-inflation goal. But the ERM brings costs too. For Portugal, the problem of divergence between the need for low interest rates in Europe and Germany's tight monetary policy is not a concern. That the escudo shot to the *top of its wide bands yesterday,* prompting an interest rate cut, suggests that, like Spain, the Bank of Portugal's difficulty may be undesirably low interest rates.

Slow adjustment

The more serious risk is that Portugal's wage and price adjustment will be slow and incomplete. The longer the period of above-average wage inflation, the more serious the squeeze on the competitiveness of the traded goods sector and the more painful the eventual re-adjustment in the absence of exchange rate re-alignments, as the UK, Italy and Spain are currently discovering.

Portugal starts with some advantages: its unemployment rate is a mere 4 per cent and the OECD calculates that the unemployment cost of reducing wage inflation is also low by European standards. Nor does Portugal have a structural trade problem. The current account deficit last year was very small and more than offset by inflows of foreign direct investment. Yet this small deficit masks a large trade deficit of 11 per cent of GDP in 1991. This was offset by tourist earnings and income transfers from migrant workers neither of which can be relied upon to keep on growing.

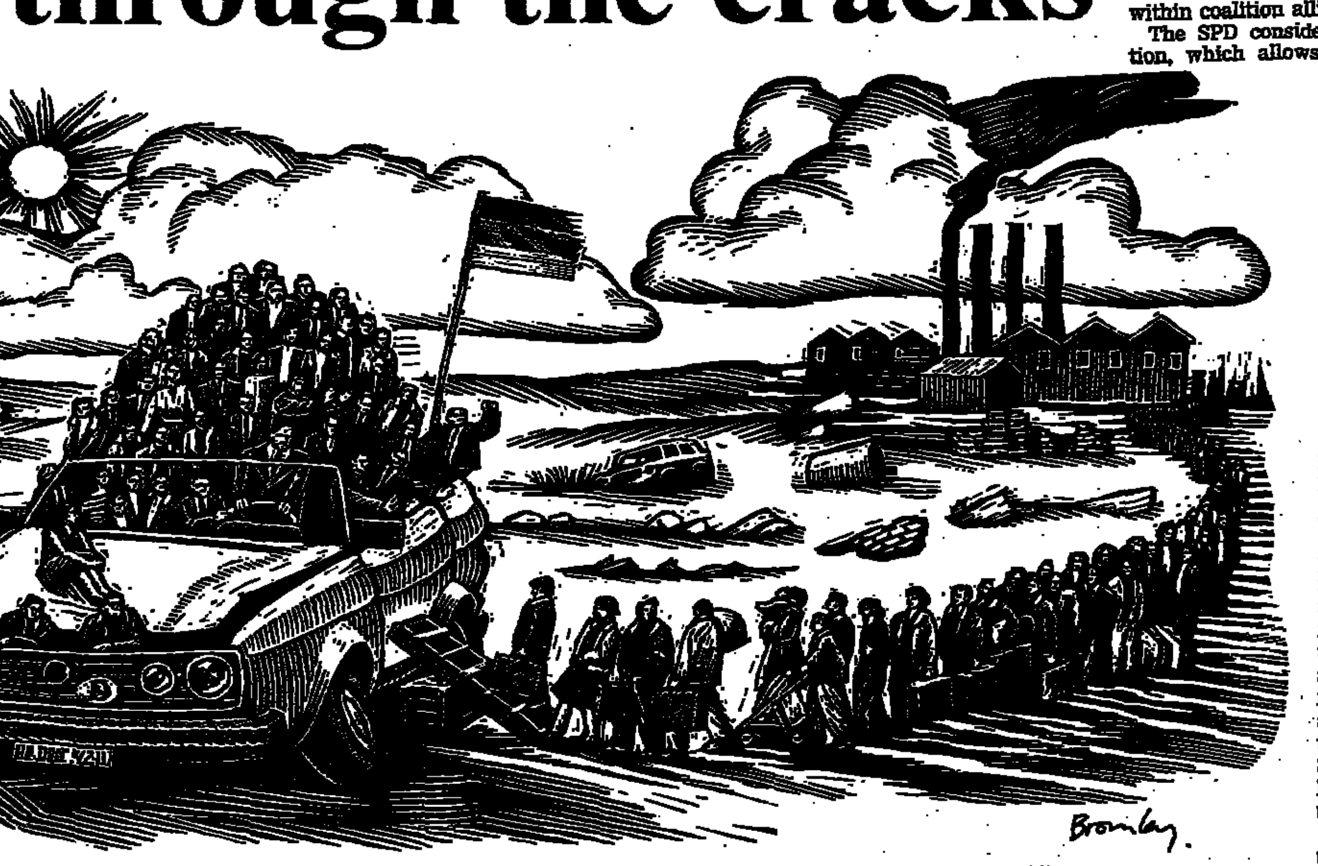
Portugal's decision is admirably ambitious. But every country that has taken the ERM path to low inflation pays a price in lost output and higher unemployment. Portugal's recent growth record also suggests it has more to lose. What the government must now do is to build a consensus around the need for a rapid fall in wage inflation across the entire economy. The alternative route to European levels of wage inflation, via rising unemployment, is long and painful, as current UK experience testifies.

The asylum issue has dealt a blow to the German coalition, says **Christopher Parkes**

The right creeps through the cracks

Just up the road from Hamburg, Germany's richest city, lies Itzehoe, an average sort of place, a swampy socialist stronghold close to the Elbe estuary. In 1988, 72 per cent of the population turned out for the Schleswig-Holstein state elections and 72 per cent of them delivered their votes to the rising Mr Björn Engholm, soon to *be the Social Democrats' national* leader. A drubbing for the Christian Democrats was par for the course.

Last weekend, only 48 per cent of the local electorate troubled to vote. With neat, if depressing, symmetry, about the same measly proportion chose the SPD. Almost 20 per cent *shared out their* votes between the extreme right-wing Republicans and the German People's Union (DVU).



The reason is to be found just down the road from Itzehoe, in Oelixdorf, an ancient suburb chosen by the Schleswig-Hol*stein state gov*ernment as its main clearing centre for asylum-seekers.

Every day, Oelixdorf and communities throughout the federal republic are obliged to take in, feed, transport, house and often clothe increasing numbers of people fleeing war, economic hardship and the other forms of oppression known to man. Last year, Germany's liberal asylum laws obliged the country to let in 256,112 such people. Ten years ago the total was 49,391. Last month alone, according the federal asylum office's meticulous arithmetic, 35,059 arrived on the doorstep.

Yesterday, Chancellor Helmut Kohl and Mr Engholm, the SPD's chosen one to challenge for the *chancellorship in the 1994 federal* elections, picked up their share of the bill. The SPD just held on to power in the Kiel parliament, but saw its share of the overall vote slashed from 55 per cent to 46 per cent. Meanwhile, in simultaneous elections in Baden-Württemberg, Mr Kohl's CDU lost its absolute majority, held for 20 years. Stuttgart was the last state capital in the old west Germany where the Christian Democrats ruled alone. The DVU, with six seats in the Kiel state parliament, and the Republicans, with 15 in Stuttgart, shared the spoils and became the third-largest political groups represented in both assemblies.

For once the establishment parties were united. The result, they said yesterday, was a blow, a tragedy, a catastrophe or worse for democracy. A formal verdict on the consequences for democracy must wait until 1994, when a rash of state and local polls, topped by federal elections in October, will deliver a more determinate judgment on the Bonn bodgers.

The result was two black eyes, one for Mr Kohl and one for Mr Engholm. Above all, the outcome reflected anger and disenchantment with mainstream politicians, the paralysis of the muddlesome conservative/liberal federal coalition and its loss of contact with the realities of life beyond Bonn, the so-called Bundesdorf nestling by the Rhine.

The failure of the socialists to draw any advantage from the CDU's collapse in Baden-Württemberg – in Pforzheim, for example, where the Republicans picked up 18.5 per cent of the vote, the SPD's share fell from 34 per cent to 28 per cent – *amply demonstrates that the SPD* offers no credible alternative. Mr Engholm, who was pushed into accepting the party's nomination as chancellor candidate before he was ready, has not yet taken a firm enough grip on the party to break its old habits of tying itself in ideological knots. With an estimated 40,000 members between them in all Germany, neither the DVU nor the Replicans have the necessary clout to fill the political gap.

Even so, by latching on to and linking up the "fear" issues, shown up by unfailingly accurate opinion polls – asylum-seekers, rising crime, unemployment and housing shortages – they made their mark at the weekend. Mr Franz Schönhuber, Republican leader, who describes his party as "clearly right of the centre", campaigned hard on law and order, and an end to immigration. His counterpart in the DVU, Mr Gerhard Frey, plastered Schleswig-Holstein with leaflets proclaiming "Germany should stay German". As yesterday's post mortem showed, they owed their success to city-dwelling, working-class males under 30.

What the opinion samplers did not examine was the depth of the malaise which produced the shock result. Asylum is only one – and far from the worst – of the bogeymen stalking Germany. To many inhabitants, the federal republic has become almost a foreign country: everything has changed. Unification realised a politician's dream but brought with it 16m dependents, victims of the earthquake which swept away the east German economy. The chancellor lied when he said there would be no taxes to pay *for unification,* and then *hit* everybody with a 7.5 per cent "solidarity surcharge" on their income tax.

The collapse of European communism, another cause for celebration, quickly soured as last year 200,000 ethnic Germans joined the influx of people seeking asylum mainly from the former Soviet Union. Well over 1m east Germans, still objects of profound suspicion in the old federal republic, also migrated westwards. The economic slowdown is not a recession – official. But in factories and offices where people are being told that they should accept a virtual wage freeze for the next few years, it certainly feels like one. And to top it all, as the headlines said, "They are giving away the Deutschemark!" in the interests of something called European unity. As the mass circulation Bild newspaper remarked: "Adieu stability."

The effects have spread from the relatively poor 'fisheaters' in the north to the industrial *fatlands of the south*

The lack of leadership, internal unity and stability has been apparent for months in Bonn. The weekend's upsets show how far its effects have spread: from the relatively poor "fisheaters" in the north to the industrial fatlands of Daimler-Benz country in the south.

Where is it all leading? To the conference table; first within individual party headquarters. "These are protest votes and all the major parties must reflect and ask what we have done wrong," *said* Mr Volker Rühe, outgoing general secretary of the CDU and incoming defence minister.

Then, according to yesterday's consensus, it will be time for all – excluding the far right – to sit down together and hammer out a new working relationship. As Mr Kohl has repeatedly said since the turn of the year, Germany faces 18 months without elections, a period in which to draw up a list of priorities and ways of dealing with them.

Hopefuls in the SPD have proposed a grand coalition in Bonn, but such ideas, and even suggestions of a round table to plan "rational-national" strategies, have been ruled out by a chancellor refusing to allow the weekend's shocks to loosen his grip on the reins of power. Mr Engholm claims the problems confronting the country are too great and too urgent to be dealt with in the confrontational atmosphere of the Bundestag, and Mr Kohl acknowledges their scale and urgency. But he seems as much concerned with maintaining his image as the strong man of German politics and dragging his fractious opposition, as well as dissenters in the liberal ranks, into line, and together finding a way through the current logjam.

His priorities, which he listed yesterday, may seem pedestrian in the light of the mass of difficulties crowding in, but touch the heart of German *political sensibilities. He* wants new laws to tighten controls over the flow of asylum-seekers, a new system for funding the care of the elderly, and adoption of new rules to make abortion more accessible. His demands challenge principles held sacred by opposition, political allies and friends alike. Proposals for these changes have been blocked for months by opposition from within the SPD and even within coalition allies.

The SPD considers the constitution, which allows anyone asking for asylum to be allowed into the country, inviolable. Where will the pressure for amendments and infringements on people's liberties stop if the government is allowed to change the country's basic law, they ask. Without co-operation from the socialists the government has no chance of achieving the 75 per cent majority needed in *the Bundestag* for constitutional change, and even less of forcing an amendment through the SPD-dominated Bundesrat, the upper house.

Members of the opposition and the minority coalition partners, the Free Democrats, believe plans for self-funded systems under which people would have to pay for nursing and attention in their old age are symptoms of a conservative desire to dismantle the welfare state. On abortion reform, Mr Kohl faces dour resistance from his cabinet colleagues in the catholic south of the country.

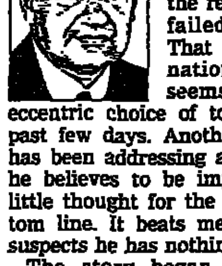
At issue is the inflexibility of a socio-political system which is showing signs of being unable to bear the burdens piled on it by politicians, labour unions and history. The greatest of these, and a "priority" often mentioned by Mr Kohl in recent weeks but neglected yesterday, is the assimilation of the former East Germany. At present virtually all the costs of unification are being borne by the federal budget. All the popular resentment is accumulating on Mr Kohl's shoulders.

If, as he says, he wants state budgets *to take a greater share of the* costs, and the people of Germany to take home less real pay, expect less from the mother-hen state, work longer hours and retire at 65 instead of 60, he is going to have to show a measure of unaccustomed flexibility and to give ground to opposition demands in return for concessions.

The present political framework was tested in a small way at the weekend polls, and it cracked. Ugly and unwelcome, the far right crept out through the gaps. The danger for Mr Kohl is that in 1994's elections the cracks could turn into gaping chasms, swallowing up the "Unification Chancellor" and releasing even more unwelcome guests than showed up at the wake yesterday.

Joe Rogaly

Mr Major's new passion



Mr John Major must know something about the British people that the rest of us have failed to grasp. That is one explanation for what seems to be his eccentric choice of topic over the past few days. Another is that he has been addressing a subject that he believes to be important, with little thought for the electoral bottom line. It beats me. Perhaps he suspects he has nothing left to lose.

The story began on Sunday. Labour was at least two percentage points ahead. The Conservatives faced probable defeat. What did our prime minister do? He spoke about Scotland – at a meeting in London. He warned of the danger of the break-up of the United Kingdom. This is an important subject. Half of Scotland and at least 2 per cent of England must have found it fascinating. To my mind, which may be cluttered with the orthodoxies of the campaign, that wasted a day. This may not matter. Many Conservatives believe that you cannot gain by politicking on a Sunday. Let us say that little advantage was lost.

Yesterday was harder to understand. I had been in touch with Labour on Sunday. "What will you concentrate on this week?" The answer came smoothly – "the recession, the health service – and, as a sleeper, poll tax". Sharp on 7.45 yesterday morning, the Labour team sauntered in to their press conference, their dark suits enlivened by red roses freshly pinned in place. Mr Neil Kinnock was there. So was Mr John Smith. They were accompanied by Mrs Margaret Beckett, Mr Gordon Brown and Mr Tony Blair. Mr Jack Cunningham took the chair.

One after another the members of this proto-cabinet read out smooth prepared statements on the recession and how Labour proposed to get the country out of it. The press corps – including representatives of pro-Conservative newspapers – appeared to be charmed. Mr Kinnock, glowing in the artificial aura of authority bestowed upon him by his opinion poll lead, put on his special low, slow, serious voice to answer questions. He was not given any trouble.

Over to the Conservative session. In came the prime minister, accompanied by Mr Chris Patten, the party chairman, and Mr Douglas Hurd, the foreign secretary. They looked dolorous. Prepared statements were read out. The prime minister spoke about Scotland and the danger of the break-up of the United Kingdom, Mr Hurd about how "a hung parliament would hang the recovery". The questioning was brisk, and sceptical.

This is baffling. The hung parliament warning makes some sort of tactical sense. The Conservatives do need to convince their supporters that voting Liberal Democrat could give victory to Labour. Against that, the very mention *of an out*come with no overall majority is a contradiction in terms for a party that insists that it will win outright. It is a high-risk strategy to keep the constitutional debate, arcane to many voters, on the agenda.

It is difficult to see how negative campaigning on constitutional reform will help the Tories

The warnings about Scotland may appeal to Tory party workers for whom the preservation of the union and the sanctity of parliament are articles of faith, but can they tempt English floating voters rightwards? "It would have been better if he had warned about mortgages going up under Labour," muttered a prominent Thatcherite as we left.

It is difficult to see how negative campaigning on constitutional reform at this late stage will help the Conservatives. The Liberal Democrats are fighting a single-issue campaign, but they have little choice. Electoral reform is their principal reason for existence. Labour deploys its Scottish and general constitutional proposals from time to time but this is explicable as an effort to win the voters' trust by professing a willingness to share power. It is directly threatened by the Scottish nationalists. It must respond. It does so – in Scotland. The Tories have nothing to bring to this debate. They would be better off saying nothing.

It is a fair bet that Mr Major has been made aware of this opinion as held by some of his colleagues, but he has disregarded it. His mission as he sees it is to save the constitution from those who would ravage it. This is a recent development. It has three strands. Following his exertions at the Maastricht summit he came to regard the threat to Britain inherent in a federal Europe as of overriding importance. As prime minister, he has developed a strong awareness of what he sees as the threat to the union implicit in Scottish separatism. Latterly, the campaign has released in him a powerful historical sense of the *importance of parliament in its* traditional form. The strength of this particular feeling came as a surprise to everybody, including, just possibly, Mr Major himself. These are all serious matters.

Mr Major has alluded to them before, but his words have not been satisfactorily reported. On Sunday, and again yesterday, he felt he just had to speak out. Perhaps it will help his image. His previously unsuspected passion may not win him the election, but it is no less noble for that.

A tiger bares its claws in southern China

Guangdong province, home of an economic reform experiment, is enjoying dynamic growth, says Simon Holberton

In Guangdong province, on the south-eastern coast of China, almost every day brings a big deal – often involving foreign capital and always fuelling a hectic pace of economic growth.

Yesterday, the foreign participant was GEC-Alsthom, the Anglo-French group, which was awarded a £550m contract to build power stations in the province. The plants will provide energy to help sustain an expansion in which factories and office buildings are being built on every conceivable bit of spare land, and roads are clogged by an endless stream of lorries carrying goods to market.

Guangdong is the laboratory for China's experiment with economic modernisation which started in 1978 after 30 years of Maoist central planning. While the province is exceptional in present-day China, it demonstrates the country's pent-up economic potential.

Throughout the 1980s industrial output in the province grew on average by nearly 20 per cent a year. In 1991 it grew by 27 per cent over 1990. It now accounts for 8.5 per cent of China's total industrial production, up from 7 per cent in 1989.

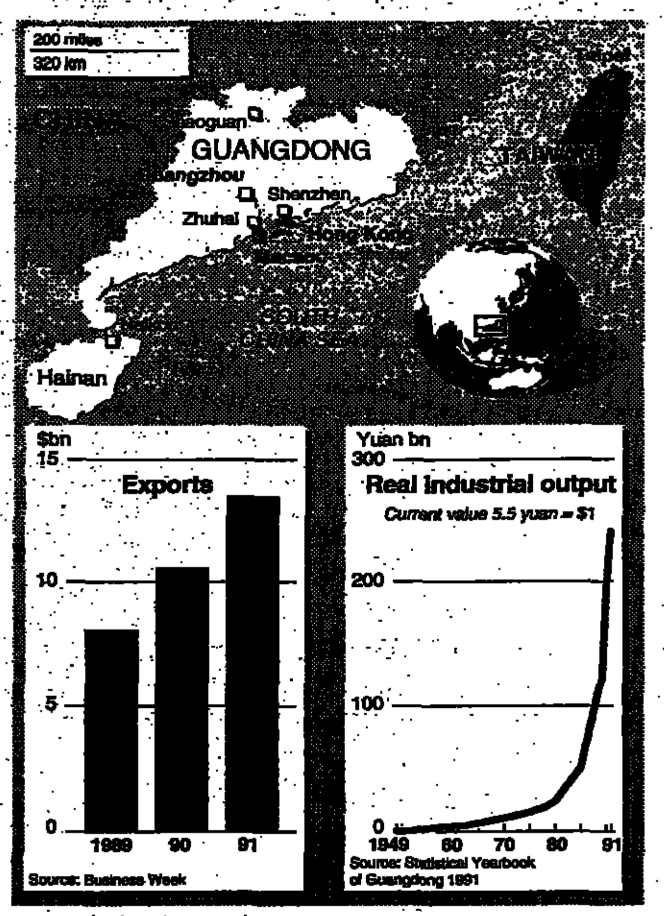
As a result, Guangdong has been transformed from a predominantly agricultural economy to an industrial power house, mainly producing goods such as washing machines and refrigerators for the internal Chinese market, and textiles and toys for export.

Much of Guangdong's rapid growth has resulted from the programme of economic reforms implemented by the leadership in Beijing since the 1970s. In particular, Guangdong was granted two of the country's original four special economic zones, which have privileges such as the right to offer foreign companies tax holidays of up to five years and a reduced taxes thereafter.

The two special zones in Guangdong – Shenzhen and Zhuhai – are located on the northern borders of Hong Kong and Macao, respectively. As a result, they have easy access to foreign capital and international trading centres.

Last year, Guangdong received 45 per cent of the total foreign investment which flowed into China from Hong Kong, Taiwan, Japan and western industrialised nations. The majority was directed to Guangdong's export industries, which already account for 19 per cent of the country's total exports.

Geography has provided additional advantages to the province in its process of economic development:



● It is situated in one of China's most fertile regions which enables it to produce two crops of rice in the summer and one of wheat in the winter.

● During the 1950s and 1960s, China's economic planners, fearing aggression from the US and Taiwan, located only a small part of the country's giant state-owned industries in the southern coastal provinces. As a result, the region is now relatively untroubled by the problems facing the rest of industrial China which have the Sisyphean task of reforming inefficient and indebted state-owned companies.

'The role of the Communist party is to make profit,' said a senior executive at a malting factory

But while Guangdong's economy is relatively free from the burden of China's industrial past, its rapid growth is presenting new problems. In particular, economic growth has unleashed forces which China's leaders may not be able to control. A hybrid form of capitalism/socialism is being created so that the Communist party's doctrine of "Socialism with Chinese characteristics" is looking suspiciously like capitalism with Chinese characteristics.

The clearest example of this is the stock exchange in Shenzhen. Some 200,000 households in Shenzhen own and trade shares. The rows of brand new Mercedes and top-of-the-range Toyotas in company car parks also attest to the new thinking that "Socialism with Chinese characteristics" has ceased to mean even the appearance of egalitarianism.

This change in attitudes is reflected in the Communist party itself. "The role of the party is to make profit," said one senior executive of a malting factory outside Guangzhou, the capital of the province, in a statement which would make Chairman Mao turn in his grave.

One former local party secretary, who held his post between 1964 and 1984, commented: "In 1984 I realised that all I had been doing for 20 years was mouthing empty words."

The weakening adherence to traditional Communist party doctrines has been mirrored by a reduction in Beijing's power to control affairs in the province. Having relaxed the reins of control, the central government is not going to be able to pick them up again easily.

One example is the central government's attempt to slow economic expansion during 1988-90. Although the policy of "rectification and retrenchment" achieved its desired goals, at a national level, of bringing inflation down from 40 per cent to less than 10 per cent, Beijing's calls met with only lip-service in Guangdong.

In Shunde county, one of the richest in the province and the whole of China, local authorities defied Beijing's strictures and went ahead with the construction of a refrigerator factory during 1990. Trading under the name Rongsheng, the factory's managers pushed ahead with plans to expand annual capacity from 400,000 units to 600,000 units a year.

As Mr Wu Xiu Hao, a county official, noted with ill-disguised pride: "The refrigerator factory was built during those hard years, but we built it in a secret way. When comrade Deng Xiaoping visited Shunde on January 29 he said we were right to do what we did. He appreciated how bold we had been."

Deng, the country's paramount leader, is squarely behind the economic reforms which have sparked Guangdong's development. During his journey to southern China he outlined in the starkest terms the consequences for China's political elite of going slow on reform.

"If we do not carry out reform and opening, do not develop the economy and do not improve the people's livelihood, then there will only be the road to ruin," he wrote in what is known as Central Committee Document No 2 – a document he has used to foster speedier economic reforms throughout China. "The common people will not allow anyone to change [these] principles and policies; those who do this may be overthrown at any time."

In policy battles since, at the top echelons of the country's ageing leadership, Deng and his reformers appear to have emerged victorious. Last week, a session of the National People's Congress endorsed plans to accelerate the process of modernisation, while party newspapers have called for "100 years of reform".

Such proclamations are music to the ears of Guangdong's provincial party and government leaders, who have bold plans to turn the entire province into a special economic zone. With economic reform again a priority in Beijing, they may be granted their wish. Guangdong would then be hard to stop in its drive to join the ranks of South Korea, Taiwan, Hong Kong and Singapore, east Asia's four tiger economies.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Training of unemployed most hit

From Mr Stuart Bishell.

Sir, The remarks by the leader of the group of 10 Training and Enterprise Council chairs (G10) which you reported ("Tec warning on links with government", April 3) underline the difficulties facing all those involved with publicly financed training at present.

As the largest private training provider in the UK, Astra deals with more than half of the Tecs and Local Enterprise Companies. We therefore gain a broad picture of the provision of training for the unemployed. It is quite clear from our experience that funding of this training is being cut for the third consecutive year.

We also drew attention, in our recent evidence to the House of Commons Employment Select Committee, to the inflexibility of funding and contracting arrangements which restrict the freedom of action of Tecs.

Like the Confederation of British Industry, Astra has long supported the Tec concept. Also like the CBI, we endorse the outgoing government's strategy for encouraging employers to take increasing responsibility for meeting the skill needs of the country. Yet Sir John Banham has only this week described what is happening to Tecs as "death by a thousand cuts".

By contrast it is from those employers which, acting in tune with CBI policy, do indeed invest in the skills of their workforces (and therefore in the future of their companies) that Astra earns half of its income and most of its profits. While this employer investment is slipping a little, it is falling much less than in any previous recession.

It is public investment in training the unemployed that is being seriously neglected at present. As far as we can tell, spending on employment training is down about 5 per cent nationally (almost 10 per cent in real money terms). At a time of rapidly rising unemployment that cannot be right.

When the long-awaited recovery gets under way, British industry is going to need a skilled labour force. Let us hope that employers' willingness to invest in achieving that is matched by a similar willingness on the part of the incoming government, whatever its colour (or colours).

Stuart Bishell,
managing director,
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Interruption on the line – or a disregard for threat of deflation?

From Mr Giles Keating.

Sir, I suspect there must have been an interruption on the line cutting out part of Lord Skidelsky's most enjoyable report of a telephone conversation between Keynes and the British prime minister ("Keynes here, how can I help you?", April 4). How else to explain the total lack of reference to debt deflation or credit problems from Keynes, who in his current position has no doubt been able to augment his own knowledge on this phenomenon with long discussions with Irving Fisher.

Surely Keynes will have observed from his daily access to the FT that the collapse of property companies, and many other enterprises, has been turning bank profits negative and wiping out their capital, not just in the UK but in Japan, the US, Canada and elsewhere, including Scandinavia, where Norwegian government payments to support the bankrupt banking system have reached some 4 per cent of gross national product.

Keynes will be bitterly aware that a bank without profits cannot raise new capital, that a bank without capital cannot make new loans (especially under the Bank for International Settlements rules), and that an economy cut off from bank finance will deflate in a downward spiral as the resulting contraction of economic activity undermines the soundness of existing loans and wipes out more bank capital.

None of this is to deny that the opening up to capitalism of new world regions (not just the former Russian empire mentioned in the phone call, but more immediately south China and Latin America) offers the hope that the 1990s will have more in common with the 1890s than with the 1930s. But if the industrialised world disappears into a debt-inflationary spiral, economic and political reform in the "new" regions would disappear too. We would be left with the slow-growing, nationalistic, isolationist, militarist regimes in Russia, Latin America and China.

The solution is not incomes policy (which never worked) but for central banks worldwide to stop worrying excessively about inflation. They have boxed themselves in with this talk, since bond markets now believe it to such an extent that the immediate reaction to easing of policy in Germany, Japan and the US can be higher long-term yields and thus yet more deflation.

Central banks must escape from this box by making clear that inflation is not the danger in an environment of effectively unlimited cheap labour supply from the new regions. The danger is deflation; the cure is lower short-term interest rates presented in a way that does not force up long-term rates. And not lower short-term rates in just some countries, with competitive devaluations inside or outside the ERM. We need lower short-term rates and more money supply globally.

Giles Keating,
On behalf of CSFB economics department,
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Energy price pressures

From J N Clarke.

Sir, Juliet Sychrava is in danger of raising false hopes when she says ("Election 1992: Outcome crucial for British Coal", April 3) that competition from gas and imported coal would be welcomed in some quarters "because it will put pressure on British Coal prices and thus on electricity prices". Imported coal at current prices and exchange rates does indeed put pressure on British Coal prices (but not necessarily on electricity prices; British Coal Corporation's 30 per cent real price reduction over the last six years has hardly been reflected in electricity prices).

However, the introduction of gas-based generation on a large scale will not bring the same price pressure for the simple reason that it will be more expensive than the coal alternative. This was one of the points taken up by the Energy Select Committee in its recent report.

The "dash for gas" may result in further price pressure on British Coal as the section of the fuelling market in which we compete is reduced in size. This will not, I fear, necessarily lead to lower prices for electricity consumers.

J N Clarke,
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Rock and role model

From Mr John Murray.

Sir, Memory plays curious tricks, but as I heard Neil Kinnock repeatedly shouting "Well all right" at Labour's Sheffield rally last week I felt the years roll back and, sure enough, there it is on the Rolling Stones' 1970 live recording "Get Yer Ya Yas Out", just before "Honky Tonk Woman": Mick Jagger as political role model.

Who knows, perhaps on Friday morning we can expect the next instalment from Mr Kinnock, as taken from the introduction to "Carol" on the same record: "I think I've bust a button on my trousers, hope they don't fall down. Ya don't want my trousers to fall down, do ya?"

John Murray,
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OBSERVER

Reprieve for the B-men

■ Whatever a young man's fancy may be turning to this unsettled British spring, the thoughts of top Treasury mandarins are turning inward. Even the recession, which they are under fire for underestimating, is taking second place to their job security.

Labour voices have been direly hinting that, should their party win on Thursday, the axe will fall on those sundry heads at Great George Street that are deemed too closely associated with Conservative rule. And the fiercest speculation centres on three former London Business School economists.

One of them, tax expert Bill Robinson who took over last year as a political adviser to Chancellor Lamont, is tipped for the chop instanter – a fate at least a shade unfair, since he has lots of ideas and is not even a Tory supporter.

But the outlook seems brighter for the other two: the Treasury's permanent secretary Sir Terry Burns, and his old friend Alan Budd ensconced last September as the government's chief economic adviser.

True, both the "B-men" are regarded with less than total esteem by some of those with a say in Labour's economics strategy who would like Budd, at least, replaced by an economist more overtly sympathetic to the party.

Names being bandied around include David Currie, head of the LBS's centre for economic forecasting, and Oxford don Chris Allsop who, besides having worked for the Bank of England, was on the shortlist for the chief adviser's job last year.

But the Labour élite has plumped for the view that axing Burns and Budd sharpish would set nerves on edge in financial markets, not to mention the dangers of losing two wise heads Labour might need to see it through choppy waters ahead.

Home to roost

■ Meanwhile Foreign Secretary Douglas Hurd faces an unlooked-for challenge for his MP's seat at Witney in Oxfordshire. One of his constituency's council members, Marilyn Brown, is standing against him on a "Fair Trials Abroad" ticket, accusing the foreign office of refusing "to lift a finger" on behalf of British victims of injustice abroad.

She admits a private interest in the topic. Her 28-year-old son Nicholas has spent 15 months in prison in Goa, awaiting trial for possessing half an ounce of cannabis – a charge his mother says is false but, even if true, would scarcely warrant the 10 years' minimum sentence it carries.

She also insists that, in any event, her son's predicament is minor compared with many worse examples over which the foreign office refuses to stir. To which Hurd's response is that his department can involve itself only in cases of "manifest injustice".

Even so, foreign office sources suggest that the electoral challenge may be having an effect. A circular has gone round "reminding" all embassies and consulates to give the most careful attention to such cases.

Flight of fancy

■ Tony Ryan, chairman of GPA, is obviously not the superstitious type. The Royal Academy of Arts' current exhibition of works by the American sculptor Alexander Calder has as its sponsor none other than the Shannon-based aircraft leasing company.

"It's a party political broadcast on behalf of the Natural Law Party"

Ryan will not have forgotten Calder's brightly coloured designs which adorned Braniff's planes in the 1970s – nor what then happened to the small US carrier.

The airline filed for bankruptcy in 1982. Revived, it filed for bankruptcy again in 1989. And, third time unlucky, the last airline with the Braniff name went the same way in August last year.

Steaming

■ Sirkka Hämäläinen, first woman head of the central bank of Finland, passed a testing day-one at the office yesterday calming the markka and markets following turmoil unleashed by the sudden resignation of the previous governor Rolf Kullberg.

Hämäläinen, who has spent most of her working life at the central bank, is sometimes said to be the only real man on its management board - all her colleagues being politicians.

Given her predecessor's damaging tiff with the government about who was to blame for the country's assorted financial woes, her critics claim her non-political background may prove a handicap in forging crucial political allies.

But it seems that Hämäläinen has thought about that already. In a country where much essential wheeling and dealing is still done in the sauna, Hämäläinen cannot exactly join the boys. That quintessentially Finnish institution remains single sex.

However, the new governor, a firm advocate of sexual equality, belongs to a ladies' sauna club whose members include a politician from the Centre Party, the senior coalition partner, as well as the head of Helsinki's theatre. Networking feminists elsewhere take note.

Ice-cream float

■ US share-buyers are about to be offered a slice of pure Americana – surely the marketer's dream confection. A household name for generations of Americans, the Eskimo Pie ice-cream bar is credited with the creation of the "frozen novelty" industry.

It had a hot time, however, early on. In 1924, the three-year-old Eskimo Pie company was so deeply in debt to its suppliers that one of them decided to take it over and lick it into shape.

The buyer then was US Foil, now Reynolds Metals, second largest of the US aluminium groups. It claims Eskimo Pie has a portfolio of brands which gives it third place in the US frozen novelty business. But these days ice-cream does not mix smoothly with the group's other activities.

Reynolds first tried to sell Eskimo Pie to Nestlé but, when that deal melted away, decided to go for an ice-cream float instead. It has set its sights on a tasty $44m.

FINANCIAL TIMES
Tuesday April 7 1992

Yeltsin narrowly survives vote of no confidence in government

By John Lloyd in Moscow

MR BORIS YELTSIN, the Russian president, yesterday narrowly defeated a parliamentary motion of no confidence in his government.

However, his opponents demonstrated a new determination to force their demands on to the political and economic agenda.

The first day of the Russian Congress of People's Deputies demonstrated a groundswell among deputies against Mr Yeltsin and leaves Russia's economic reform process hanging in the balance.

During the proceedings deputies showed determination to force a change of economic course, even if this meant the appointment of a new government.

Mr Yeltsin defeated a direct vote of no confidence by only a slim margin, of 447 votes to 412, from a total number of 1,003 deputies.

He was also forced to abandon plans for Mr Yegor Gaidar, the first deputy prime minister in charge of the economy, to deliver his report on economic reform yesterday. Instead, Mr Yeltsin agreed to make the report himself today.

It became clear that the pro- and anti-reform factions have organised into two political blocs. These blocs reflected alliances formed at the weekend to try to instil voting discipline into previously diverse and loosely organised factions.

The hardline bloc, Russian Unity, which brings together the patriotic and communist groups, is pressing for the resignation of the government, an end to radical reform and – in a number of cases – the resignation of Mr Yeltsin as prime minister.

The pro-government block, including Democratic Russia and others that formed Mr Yeltsin's main support during his presidential race, have submerged their various criticisms of the government in favour of a "co-operative coalition of reform" with the president. Both groups number somewhere around 400 deputies, with the hardliners probably slightly ahead.

However, the position of the Industrial Union, which numbers some 56 deputies and represents industry's interests, is seen by the government and the presidential apparatus as crucial.

They are claimed as members by the hardliners, but this is denied by their leaders. Instead, they are bargaining behind the scenes with ministers on further tax breaks and credits in return for their support.

Mr Andrei Nechayev, the economics minister, said: "We are working closely with the industrialists to try to find practical solutions."

If the government succeeds in buying off trouble, it will be at the cost of a further weakening of a reform programme which has already been significantly slackened.

There were announcements last week that Rbs200bn credit would be made available to agriculture and industry, and promises by Mr Yeltsin at the weekend that he would implement tax cuts and bring businessmen into the cabinet.

Russia sets pace on forces split, Page 2

Peru's army supports crackdown by Fujimori

Continued from Page 1

Justifying his action in a television broadcast, Mr Fujimori accused legislators of attempting to block his free market reforms and failing to take the necessary measures against terrorists and drug traffickers.

Mr Fujimori, repeating his recent attacks against Peru's legislature and judiciary, claimed that "chaos and corruption" were shackling government attempts to achieve "the objectives of national reconstruction and development".

His campaign against Congress appeared to have struck a chord among the Peruvian people and in the capital yesterday there were no signs of popular resistance to the president's actions.

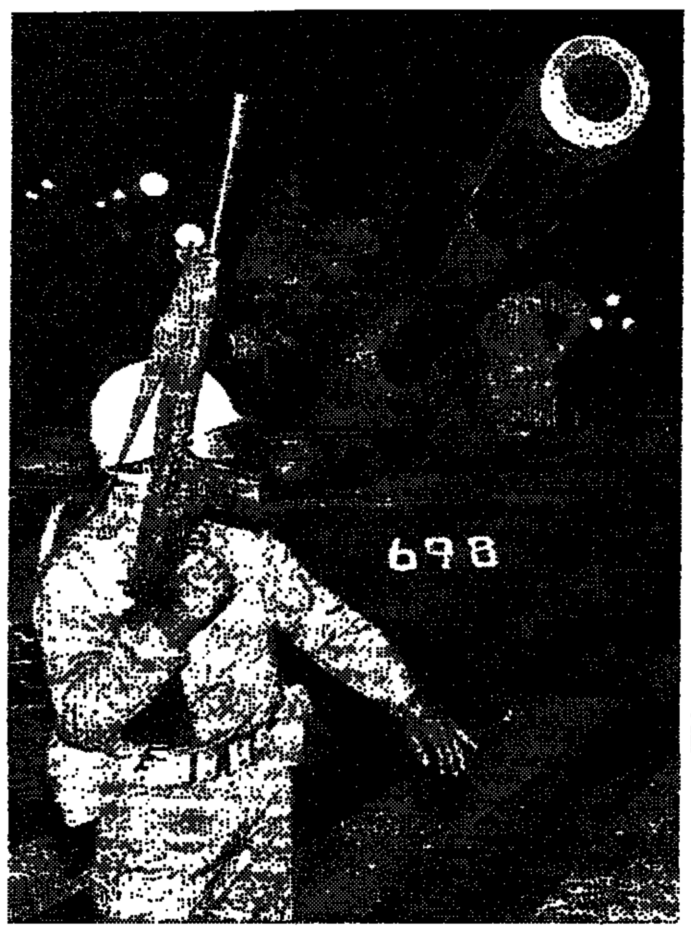
Mr Fujimori, a former professor who is the son of Japanese immigrants to Peru, said he would call a national referendum to create a "new legislative structure" but gave no date. He apparently plans to continue governing with his cabinet fulfilling legislative functions in the meantime. Most legislation during his 20-month presidency has been by decree.

Cambio 90, the party created by Mr Fujimori when he began his 1990 presidential campaign, has long been in disarray. With only 27 representatives in the 180-seat lower house and 12 in the 60-seat senate, they are no match for the opposition, even on the rare occasions when they are united.

While the rightwing coalition formed to support Mr Mario Vargas Llosa's candidacy in 1990 provided broad backing in the first 15 months of government, parliamentarians of all colours have become increasingly united in opposition to a president they deem to be authoritarian and who consistently attacks them.

Additionally, after 20 months of austerity and recession, the debilitated leftwing parties are gathering new strength. The poor have seen no reward for further belt-tightening, and even businessmen are becoming disenchanted with the liberalism that has left them unprotected.

Lacking any broad popular support base, Mr Fujimori has drawn closer to the military. Last November he gave them a freer hand in the 11-year-old war against Sendero Luminoso, the Maoist guerrilla group. He has repeatedly vowed that he will defeat terrorism before his term expires, theoretically in 1995.



A tank is positioned in front of the Peruvian congress

Chaos grips Sarajevo as snipers fire on protesters

By a Special Correspondent in Sarajevo

CHAOS gripped Sarajevo in the central Yugoslav republic of Bosnia-Hercegovina yesterday as street battles raged and snipers fired on peace demonstrators. The snipers killed at least five protesters and wounded dozens, according to one report.

Serb guerrillas fought street battles and artillery duels with police and volunteer units loyal to Moslem and Croat leaders.

Tens of thousands of peace demonstrators were gathered outside parliament when suspected Serb snipers opened fire. The demonstrators were demanding an end to the fighting, the sacking of the republic's nationalist coalition government and new elections. "We came here as peacemakers," one demonstrator told a Sarajevo television reporter. "If we came to fight, we would have brought our weapons. Now we have nothing but our bare hands."

Leaders of Bosnia-Hercegovina said the republic's prime minister, Jure Pelivan, has resigned. The Bosnian state presidency also announced a curfew from 10pm in Sarajevo, agreed to hold parliamentary elections and called for a ceasefire.

As the fighting between the republic's three main national groups escalated, the European Community decided to recognise Bosnia's independence and conditionally ended trade sanctions against Serbia. The Community will delay until today its diplomatic recognition of Bosnia, so the US can join the move. Washington is also now likely to recognise Croatia and Slovenia, as the EC did in mid-January.

EC foreign ministers believe that recognising Bosnia should, on balance, reduce the scope for interference from neighbouring Serbia and pacify majority Moslem-Croat sentiment in the violence-torn republic.

Mr Alija Izetbegovic, Bosnia-Hercegovina's president, claimed yesterday the bloodshed was the result of an effort by Serbs to seize territory, destabilise the republic and thwart its recognition as an independent state.

Exploding mortar shells fell on Sarajevo's historic, mainly Moslem-populated bazaar area and outlying areas east of the capital. People around the city of 700,000 braved sniper fire to watch artillery shells exploding in the mountains above.

Several thousand demonstrators stormed the Holiday Inn hotel, breaking windows and searching for gunmen. Hand grenades exploded inside the building, which Serb militiamen have been using as a base.

At least nine people have died and about 100 have been wounded in fighting in Sarajevo since the latest outbreak of violence began on Sunday morning. The latest fighting, the worst in Bosnia-Hercogovina since the second world war, ironically reached a pitch on the anniversary, yesterday, of Sarajevo's liberation in 1945 from the Nazis.

EC to recognise Bosnia, Page 2

Devaluation averted in Finland

By Sara Webb in Stockholm

FINLAND avoided devaluation yesterday following the announcement of an emergency economic package at the weekend and pledges of support from the Bundesbank and Nordic central banks to help maintain the value of the markka.

The centre-right government announced plans for FM10bn ($2.18bn) of welfare spending cuts at the weekend in an attempt to calm Finland's financial markets. Short-term interest rates soared on Friday after a row over policy between the government and the central bank prompted the governor of the Bank of Finland to announce his resignation.

Finland's one-month Helibor interbank rate climbed to 25 per cent yesterday from its close of 16.76 per cent on Friday, but slipped back to 18-19 per cent by the end of trading.

The Bank of Finland said there were further currency outflows yesterday despite the high interest rates. The central bank intervened and the markka closed at 5.58997 against the Ecu compared with 5.9445 last Friday.

Currencies, Page 38

UK poll gives Labour lead but no majority

By Philip Stephens, Political Editor, in London,

THE PROSPECT that Mr Neil Kinnock will emerge from the UK general election on Thursday as the leader of the largest party in a hung parliament – one with no overall control – strengthened last night after the most comprehensive opinion poll of the campaign gave his Labour party a 2.5 point lead.

The poll, which confirmed the recent surge in Liberal Democrat support, at the expense of both main parties, came as he and Mr John Major, the Conservative prime minister, both bluntly ruled out any post-election coalition with the third party.

Mr Paddy Ashdown, the Liberal Democrat leader, reaffirmed that an unequivocal commitment to electoral reform would be the price of such a deal. But he appeared to soften his previous threat to vote down any legislative programme which did not meet that condition.

The ICM poll for the Press Association news agency, covering more than 10,000 voters, put Labour on 38.7 per cent, the Conservatives on 36.2 per cent and the Liberal Democrats on 20.4 per cent, with others on 4.7 per cent. Translated into parliamentary seats, it would give Labour 305 overall, six or seven more than the Conservatives but 21 short of an overall majority. A much smaller Harris survey gave Labour 38 per cent, the Conservatives, 37 per cent and the Liberal Democrats 21 per cent.

The ICM poll also suggests, however, that the average swing of 7 per cent from Conservative to Labour since the 1987 election underestimates Mr Kinnock's potential gains in some of the key marginal battlegrounds in England. It puts the swing to Labour in the West Midlands and in Yorkshire and Humberside at 10.5 per cent and in south-east England at 9 per cent.

Mr Major launched another attack on opposition parties' support for Scottish devolution and closer European integration and insisted he remained confident of leading a majority government after the election. But ministerial colleagues acknowledged a more realistic ambition was to win back enough wavering voters to emerge as the largest party.

Election 1992, Pages 8-10
Why electronic voting is out for the count, Page 13
Editorial Comment, Page 18

THE LEX COLUMN

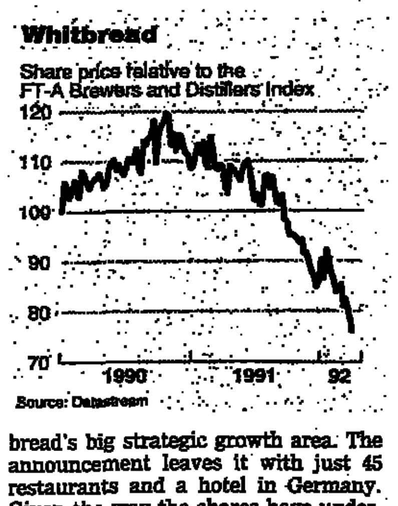
Where credit is due

The faint stirring of recovery suggested by the modest increase in yesterday's UK consumer credit figures for February is probably more reliable than the continuing recession implied by plummeting car sales in March. Since the consumer credit data follow other positive indications – from retail sales as well as imports – one wonders why incipient recovery is not a campaign issue. But presumably no one believes Mr Norman Lamont's protestations on the subject any more, while Mr John Smith would prefer the electorate not to know. If recovery were already in train, he could not claim credit later as chancellor.

Even the car figures are not as bad as they seem. The trend is distorted by comparison with a 1991 month in which purchases were advanced ahead of the increase in VAT. Adjusted for this, the slide in sales seems at least to be levelling out. That is probably as much as one could expect, despite the halving of car tax in this year's budget. Many buyers would probably now prefer to wait till the K registration comes in August.

Still, the 2 per cent increase in new consumer credit over the past three months marks only a fragile revival of confidence. It does not extend to the housing market and could be killed stone dead by a rise in interest rates after the election. The trouble with weekend forecasts to the contrary is that they are based on models which make scant allowance for the effect on confidence of higher base rates and falling house prices.

FT-SE Index: 2400.9 (+18.2)



Source: Datastream

Whitbread

In recent months, Whitbread has managed to establish itself as the most harried of the UK brewers. Yesterday it produced two more pieces of bad news, one perhaps less serious than it looks and the other more so. The £37m exceptional write-off of loans to the free pub trade – around one-sixth of annual net profits – implies a further sharp fall in pub values in London and the south-east at a time when Whitbread still has 1,250 pubs to release from the tie. But this will doubtless be addressed by leasing deals. Meanwhile, the company comes close to promising that there will be no further provisions in the annual figures due next month.

The news that Whitbread is cancelling several hundred million pounds worth of investment in Pizza Hut on the continent may be more significant. European retailing was to be Whitbread's big strategic growth area. The announcement leaves it with just 45 restaurants and a hotel in Germany. Given the way the shares have underperformed the sector of late, it might be thought that the worst is in the price. It is just Whitbread's luck that its dependence on eating out in London and the south-east also makes it the brewer most exposed to a Labour victory.

Oil shares

UK investors should not be unduly excited by the 5 per cent jump in BP shares yesterday. It was largely inspired by events in the US last Friday, when worries about sanctions against Libya helped push the oil price up by 50 cents and oil shares, including BP, by around 3 per cent. There has been no positive change in the fundamentals for oil prices, so such gains are unlikely to stick for long.

Ever since BP's poor results in February, dealers in London have been only too keen to sell to the US market, even when – as last week – that has left them short of stock. A glance at the sector internationally suggests why US investors have doubled their holdings in BP this year to 8 per cent. Whereas the big US oil companies are yielding 5 per cent, compared with the market average of less than 3 per cent, BP offers 8 per cent. The current year multiple on its shares is now an unlikely 31, more than twice that of Exxon.

Yet the US market seems unconcerned by the fact that the yield is high for a good reason, namely that BP's ability to maintain its dividend is uncomfortably dependent on a broad economic recovery boosting the oil price. The less sanguine approach of UK investors still has its merits.

Hafnia

Denmark's Hafnia offers a salutary lesson for those small to medium-sized European insurers seeking to develop a 1990s strategy through co-operation with their rivals. A measure of its enfeeblement lies in the fact that even the diminished value of minority stakes in domestic competitor Baltica and Sweden's Skandia is more than twice its own market capitalisation.

In attempting to convert the 33 per cent Baltica stake into a full merger, Hafnia has already been shown the door. The question is whether yesterday's suspension of its shares is the prelude to a successful conclusion of negotiations to establish a Scandinavian alliance with Norway's UNI Storebrand and Skandia. It remains hard to see why Skandia would want to pool resources with weaker brethren, or indeed, given its defensive voting structure, why it even has to contemplate the idea. Given the secrecy of the talks, though – and the politics and personalities involved – it would be silly to rule it out.

Hafnia shareholders can only hope that tomorrow's results contain no unexpected nasties and that a cash buyer for the Baltica stake really is waiting in the wings. They would be doubtless further cheered by any news of a management shake-up.

British Aerospace

Although Saudi Arabia has yet formally to place its mooted Tornado order, its decision to allocate more funds to the Al-Yamamah defence deal is undoubtedly good news for British Aerospace. The money will help finance the working capital needed for a range of Al-Yamamah contracts. Saudi Arabia is also signalling a flow of orders large enough to ensure that BAe can at least maintain its dividend over the next couple of years, despite the impact of recession on its motor and property divisions.

That justifies yesterday's 5 per cent jump in its share price. A yield of more than 10 per cent even suggests scope for further recovery. But this is limited by the weakness of the regional jet market and the overhang of unsold shares from last year's rights issue, which are likely to start flowing back into the market if the price rises much above 330p.

World Weather

		°C	°F
Ajaccio	R	12	54
Algiers	R	12	54
Amsterdam	F	9	48
Athens	F	18	64
Bahrain	S	24	75
Bangkok		-	-
Barcelona	S	13	55
Beijing	C	6	43
Beirut	S	19	66
Belfast	F	10	50
Belgrade	F	21	70
Berlin	C	8	46
Biarritz	F	11	52
Bombay	S	31	88
Bordeaux	C	12	54
Boulogne	F	10	50
Brussels	F	9	48
Budapest	S	11	52
Buenos Aires	C	22	71
Cairo	S	29	84
Cape Town	S	21	70
Caracas	C	30	86
Casablanca †	C	16	61
Chicago †	S	5	41
Cologne	S	10	50
Copenhagen	F	9	48
Corfu	F	20	68
Dallas †	Dr	13	55
Dublin	C	11	52
Dubrovnik		-	-
Edinburgh	F	9	48
Faro	F	15	59
Florence	R	11	52
Frankfurt	F	10	50
Geneva	S	8	46
Gibraltar	F	14	57
Glasgow	R	9	48
Helsinki	C	5	41
Hong Kong	F	20	68
Innsbruck	C	7	45
Inverness	C	12	54
Islamabad	C	24	75
Istanbul	F	20	68
Jakarta	R	32	90
Johannesburg	F	24	75
Lima		-	-
Lisbon	C	13	55
London	R	8	46
Los Angeles †	C	16	61
Luxembourg	F	8	46
Madeira	C	18	64
Madrid	S	11	52
Majorca	F	11	52
Malaga	F	19	66
Malta	S	19	66
Manila	F	36	97
Melbourne	R	19	66
Mexico City	C	12	53
Miami †	S	20	68
Milan	R	11	52
Montreal †	S	-1	30
Moscow	C	9	48
Munich	F	5	41
Nairobi	F	21	70
Naples	F	18	64
Nassau	C	26	79
New Delhi	S	30	86
New York †	S	4	39
Nice	S	15	59
Nicosia	S	22	72
Oporto	R	10	50
Oslo	C	2	36
Prague	F	7	45
Reykjavik	S	-1	30
Rhodes	F	22	72
Rio de Janeiro	F	34	94
Rome	C	14	57
Salzburg	C	4	39
S'Francisco †	S	9	48
Seoul	F	21	70
Singapore	F	31	88
Stockholm	C	1	34
Strasbourg	S	11	52
Sydney	S	25	77
Taipei		-	-
Tangier	C	15	59
Tel Aviv	S	21	70
Tenerife	F	19	66
Tokyo	S	19	66
Toronto †	S	-2	28
Tunis	C	18	64
Valencia	S	15	59
Venice	S	15	59
Vienna	F	7	45
Warsaw	F	7	45
Washington †	S	5	41
Zurich	F	6	43

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

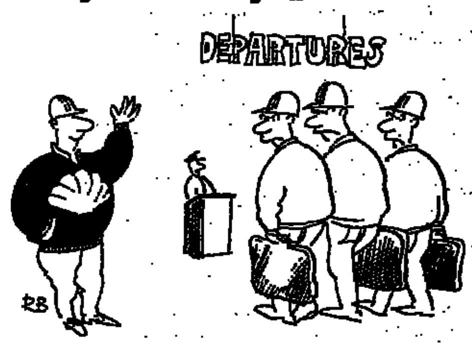
Laura Ashley stages turnround in profit

Laura Ashley, the international retail group, claimed to be on the way to recovery yesterday with a £9.4m ($16.3m) turnround to a profit of £2.7m in the year to January 25. Mr Jim Maxmin, chief executive, said the results were indicative of the progress the management was making. Page 28

Comeback of a coconut tycoon

Mr Eduardo "Danding" Cojuangco, the Philippine coconut tycoon, is about to make a remarkable comeback on the corporate scene by retaking control of United Coconut the Planters Bank, sequestered by the government in 1986 after the fall of his patron, President Ferdinand Marcos. Mr Cojuangco's return should also allow him to retake San Miguel, the country's largest industrial enterprise, in which the Planters Bank holds a large block of sequestered shares. Page 26

Lucky times in Syria



Shell Oil seems to have a monopoly on luck in exploring for oil in Syria. The Anglo-Dutch company is one of the few to be rewarded for its endeavours and now other, less fortunate, explorers are preparing to depart the country in droves. Tony Walker looks at the winners and losers in the Syrian oil hunt. Page 30

Blow for Israeli banks

The Israeli banking sector continues to feel the impact of the country's disaster-prone agricultural community. Following last month's legislation allowing an automatic 20 per cent write-off of debts by the *Moshavim* collective farms, many banks have seen profits for the year coming under threat. There are fears that political intervention of this nature may jeopardise the success of the government's planned sale of shareholdings in the leading banks later in the year. Page 26

Béghin-Say net profits fall

Béghin-Say, the French sugar company controlled by Italy's Ferruzzi group, yesterday announced a fall in net profits for a second year in succession to FFr754m ($134m) in 1991 from FFr1.08bn in 1990. Page 22

Falling Scotch sales hit Highland

Highland Distilleries yesterday reported a 2.5 per cent dip in first-half profits from £15.08m ($25.80m) to £14.7m as volume sales of Scotch whisky were hit by the recession. The results surprised the City of London which had been forecasting profits of about £16.4m. Page 22

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Badenwerk	282.5	+	6.5
Kaufhof	522.5	+	8.5
Mercedes Hld	589	+	8
Viag	394.5	+	7.8
Falls			
IKB Deutsche	269	–	4.5
Rheinmetall Bdn	283	–	7

NEW YORK ($)

Rises			
Amerada Hess	41	+	1 7/8
Schlumberger	56 1/8	+	1 5/8
Wal-Mart	52 1/4	+	5/8
Falls			
Circuit City	23 3/4	–	1 1/4
Pacific Gas	29 1/4	–	1/4
Indo Growth	23 3/4	–	1 1/4

New York prices at 12:30.

PARIS (FFr)

Rises			
Alcatel Alsthom	619	+	19
Canal +	1120	+	37
Cogifi	345	+	14.5
Geophysique	650	+	18
Pernod	314	+	12
Redoute	5740	+	130

TOKYO (Yen)

Rises			
Asahi Diamond	1240	+	110
Kioritz	330	+	30
Mitsui High-Tec	2500	+	270
Takara	1500	+	140
Tesc	881	+	100
Falls			
Nissan Fire & M	1040	–	120

LONDON (Pence)

Rises			
BP	254 1/2	+	12
Brit. Aero.	315	+	16
Enterprise	398	+	19
Hazlewood Foods	139	+	8
ICI	1249	+	21
NatWest Bank	265	+	12
Next	66	+	3
Psion	135	+	19
Falls			
Atlas Conv.	515	–	65
Berkeley	220	–	11
Bradstock	138	–	7
Highland Dist.	259	–	11
Southend Prop.	53	–	10
Watson & Phil.	300	–	15
Whitbread A	358 1/2	–	19 1/2

Commerzbank plans to raise capital

By David Waller in Frankfurt

COMMERZBANK, Germany's third largest bank, is planning to hold two large capital raising issues later this year or early next year.

According to a bank spokesman last night, the bank is likely to be launching an issue of options and profit-participating certificates within the next few months.

Later this year the bank is likely to issue a minimum of 2m new shares. Assuming a share price of DM200 per share – compared with a closing price of DM258 yesterday – the bank would raise DM400m ($242.4m) from the issue.

The bank said it will seek permission from its shareholders to issue up to 8m new ordinary shares together with convertibles and options with a total market value of DM1.5bn. Details are likely to emerge at today's annual press conference.

This would make it possible for the bank to raise more than DM3bn, but it is unlikely that it would raise this at once. It is usual for German companies to obtain shareholder approval for issues which are then made use of over a period of years.

The bank said last night that it wanted the facility in place to increase management flexibility in the future. A full equity issue was "probable" before the end of the current year, but the precise amount to be raised would depend on business developments and the government's capital adequacy plans.

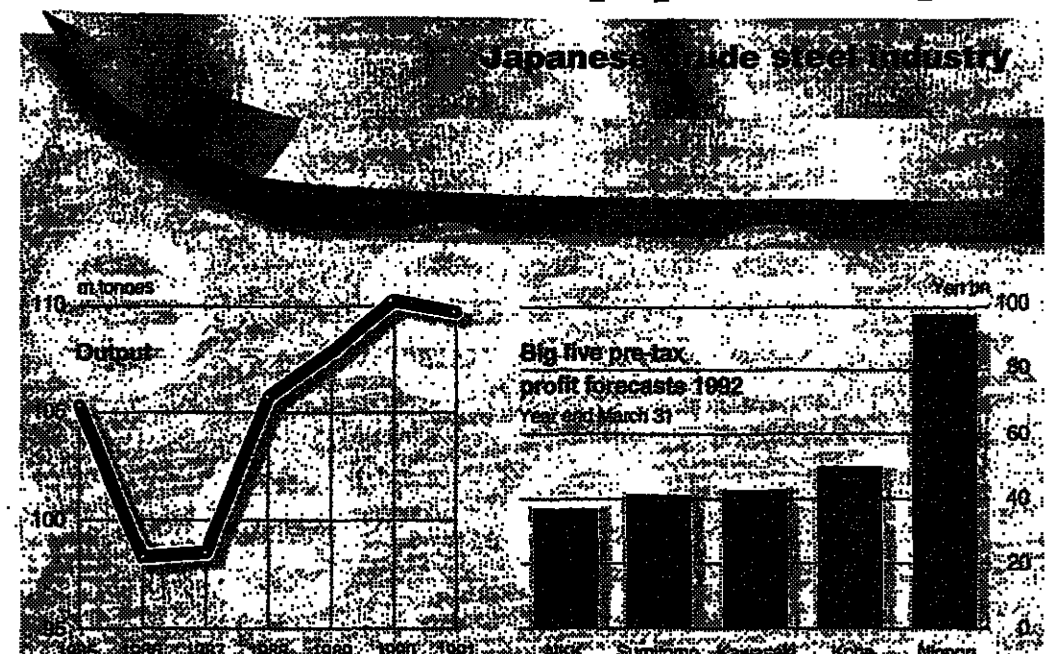
The spokesman said that an issue of DM100m of nominal shares was the minimum to be expected. If Bonn decided that Tier one capital should stand at 5 per cent of total assets, rather than 4 per cent as required under European Commission legislation, Commerzbank would be obliged to raise more than this.

The bank said yesterday that total operating profits for the group rose by a third last year. The increase in operating profits – which include the results from own-account trading – compares with the 23 per cent increase announced yesterday by Dresdner Bank and the 16.5 per cent increase posted by Deutsche Bank last week.

Commerzbank did not disclose last year's operating profits but further details are likely to emerge today. They amounted to DM1.6bn for the first 10 months of 1991 but were not disclosed at all in 1990.

Robert Thomson on why the back-to-basics ethic is popular in Japan

Steelmakers' legacy faces a stern test



With a colourful catalogue of new businesses that includes an artificial beach, burglar alarms and a retirement village, as well as biotechnology and electronics, Japan's steelmakers have been furiously diversifying. These ambitious plans, inspired by an industry downturn in the mid-1980s, and funded with the easy money of the late 1980s, are now being put to the test.

Sometimes with unhappy results. The reassessment comes as Japanese industry is embracing the back-to-basics theme. Projects that were affordable, but not necessarily profitable, when earnings were on the rise in 1989 have been left exposed by the ebbing tide of profits.

Nippon Steel, the world's largest steelmaker, forecasts a 37.8 per cent fall in pre-tax profits for the year just ended, and admits that most of its new areas, ranging from laptop computers to a Space World theme park, are still lossmakers. Mr Hiroshi Saito, president, has admitted that the pursuit of some projects had been "amateurish" and "haphazard".

Such difficulties are an embarrassment for the big five Japanese makers, Nippon Steel, NKK, Kobe Steel, Sumitomo Metal and Kawasaki Steel, who presumed that their access to funds, their size and, in the case of electronics, their use of the product, would ensure success.

Now that demand in the Japanese economy is declining, the steel companies have realised that they are more skilled as producers than as salesmen. Having relied on long-established relationships and the marketing skills of trading houses for steel sales, they are now having to court customers for new building materials or semiconductors.

A Japanese saying tells of the humiliation felt by the samurai forced to do business, but the steel samurai were forced to think as salesman in 1986 when crude steel production fell from 105m tonnes to 98m tonnes and the five leading companies reported pre-tax losses. Each company then launched programmes of rationalisation and diversification expecting steel output to decline to 90m tonnes by 1990.

Instead, the Japanese economy entered its longest economic boom which halted late last year. The sprouting of construction projects and a surge in demand from other traditional customers such as the car industry lifted steel production to 110m tonnes in 1990 and restored the companies' confidence.

The industry correctly perceived that the boom would fade, and that diversification programmes must continue, but its perception of the costs of diversification was distorted by the gravity-defying Tokyo stock market. In the late 1980s, there were easy profits to be made from selling long-held stocks, and the market painlessly absorbed new equity issues. Confidence in the market's strength prompted an interest in warrant bonds – Nippon Steel issued $1.8bn in warrants between mid-1988 and early 1989, and Kobe Steel issued $2.1bn in warrants from October 1988 until June 1989.

But the stock market peaked at the end of 1989 and began its fall. Official interest rates were pushed higher by the Bank of Japan, demand slowed for new cars, while housing starts fell from 1.70m in 1990 to 1.37m last year.

The result was flat or slightly lower sales for the steelmakers and forecast falls in pre-tax profit ranging from 11.5 per cent at Kobe Steel to 46.6 per cent at Kawasaki Steel. Mr Minoru Hasegawa, steel industry specialist at S.G. Warburg Securities, estimates that if diversification was "focused", the companies' profits would be 20 per cent to 30 per cent higher.

"Some of the companies really didn't think seriously about their capabilities. They thought computer-related business would be important in the future, so they got involved in electronics," he said. "The successful diversifications have been those closely related to their existing businesses."

The steelmakers were particularly interested in semiconductors because they presumed electronic devices would be the "industrial rice" of the future. They also chose projects in electronics and the service sector, including restaurants, because these areas were suitable for absorbing workers left idle by the rationalisation of steel operations. Sumitomo Metal had employed 30,000 workers in steelmaking, but by 1990, reduced the total to 21,000, with 4,000 dispatched to new areas.

The shift into high technology and services was also important in renovating the image of companies concerned that their reputations had rusted.

Companies have found that adventure does not come cheap, and that steel remains their most profitable business. They have revised downward their ambitious goals for new areas and readjusted management styles. NKK says: "We have learned that a business quite new to our traditional operation as a steel supplier also needs a different management system."

Kobe Steel, which has the longest-running and most successful diversification programme, has announced "Target 2000", an overhaul of a long-term plan adopted in 1988. The company had expected new business to account for Y90bn ($672m) of sales in 1991, but now the figure is reckoned at Y66bn, while sales in long-established materials and machinery divisions exceeded expectations.

Even for Kobe Steel, the outlays necessary to keep pace in the semiconductor and biotechnology business have become a burden. Yet Kobe hopes that the percentage of new business sales will increase from 5 per cent last year to 13 per cent in 1995 and 21 per cent by the year 2000.

However, the steelmakers are quietly shedding new businesses. One has scaled down plans in ceramic products, another has put a low ceiling on biotechnology, and yet another has halted production of a new line of building materials. As Nippon Steel confessed, "climbing a mountain is very hard and there are still many more mountains to climb".

Dresdner defends links with Allianz

By David Waller in Frankfurt

MR WOLFGANG Röller, chief executive of the Dresdner Bank, yesterday defended the bank's business and shareholding ties with Allianz, the largest insurance company in Europe which last week was ordered by the German federal cartel office to cut back its links with the bank.

Speaking as the bank, the second largest in Germany, reported partial operating profits up 13.5 per cent to DM2.2bn ($1.33bn) for last year, Mr Röller said that Allianz was not seeking to expand its influence over the bank. He said the insurance company's stake actually strengthened the independence of the bank by bringing stability to the share register.

Last week the competition authorities told Allianz and Dresdner they must scale down their business co-operation. They said the links gave Allianz domination of the German life market and the insurance company undue influence over the bank's business strategy.

Mr Röller said yesterday that business links with Allianz predated by decades the formal agreement signed in 1989 to sell each others' products.

He said net interest income for the group rose 13.9 per cent to DM5.39bn, while net commission income climbed 8.6 per cent to DM2bn. Staff costs rose 12 per cent to DM3.45bn, mainly because of expansion in eastern Germany.

The current year had started off well, with profits up by more than 10 per cent in the first two months. Business volume was likely to expand moderately. As reported, the dividend for 1991 will be unchanged at DM12 per share. For the first time, the bank released total operating profits, which includes profit via own-account share trading. This was DM2.5bn for the group, up 23 per cent, implying the group generated profits of DM300m from trading last year. At the parent company level, operating profits were up by 40 per cent to DM1.8bn, reflecting lower write-offs in 1991 compared with the previous year.

The banks plan to take a 10 per cent stake in each other.

Mr Röller is standing down as chief executive from May 1993 and will be replaced by Mr Jürgen Sarrazin, the 56-year-old current head of international business. Mr Röller will take over as chairman of the bank's supervisory board next year.

Whitbread takes charge for bad debts of free trade bars

By Philip Rawstorne in London

WHITBREAD, the UK brewer and retailer, yesterday announced its 1991-92 after-tax profits would be reduced by £25m ($43m) because of "abnormally high" charges for bad debts among its loans to recession-hit pubs and bars.

At the same time, the group said it will not invest further in the Pizza Hut franchise in France, Belgium and the Netherlands.

The double blow to the group's retailing business knocked 19½p off Whitbread's shares which closed at 358½p. Analysts revised their estimates of pre-tax profits from £260m to £223m-£230m.

Mr Peter Jarvis, Whitbread's chief executive, warned five months ago that the risk of bad debts among its free trade customers – then estimated at about £10m – was worsening due to lower consumer spending and the fall in property prices.

After a review of Whitbread's £250m loan portfolio, Mr Jarvis said yesterday, it had been decided an exceptional charge of £37m would be needed to cover bad debts. This would reduce after-tax profits – which totalled £151.5m last year – by £25m.

About 3,000 of its 11,000 free trade customers are experiencing difficulties. Most of the accounts at risk were opened during the late 1980s when Whitbread sought new business as property prices were soaring and beer volumes grew rapidly.

Whitbread's decision not to invest further in the European franchise development of Pizza Hut, the PepsiCo-owned pizza chain, had been taken "with regret", Mr Jarvis said.

Whitbread and Pizza Hut International had been unable to agree revisions to their franchise agreements. The 45 outlets in France, Belgium and the Netherlands make little contribution to profits, but were seen as an important source of growth. "Expansion required a huge investment and we were unable to obtain satisfactory terms for recovering those assets if at any time we wanted to quit the business," said Mr Jarvis.

The two companies remain committed to their joint venture in the UK which operates 300 Pizza Hut outlets.

Lex, Page 20

IBES forecasts upturn in profits

By Peter Martin in London

STOCK MARKET analysts have again cut their profits forecasts for 1992 for companies in the seven leading economies, according to the IBES research service, based in New York.

The IBES survey was carried out at the end of March by adding together thousands of individual company earnings forecasts from analysts around the world. Initial estimates from analysts are often over-optimistic, and downwards revisions are common.

The biggest drop came in Japan and the UK, where profits forecasts have been revised downwards since December by 9 per cent. The downward revision for Canada was 7 per cent; for France and the US 5 per cent; for Italy 3 per cent and Germany 2 per cent. However, in most countries, 1992 is still forecast to show a strong earnings upturn from a poor 1991.

As the table shows, earnings growth of well above 20 per cent is forecast in Canada, the UK and the US. Only Japan is expected to show a drop in earnings, of 11 per cent, in the year that ends in March 1993.

The lower earnings figures apparently left the markets unaffected: at the end of March price-earnings ratios based on forecast 1992 earnings were higher or unchanged compared with the end of December in every country but Japan. The Japanese p/e is calculated using earnings figures to March 1993. A higher p/e ratio is usually taken to mean that stock prices are more "expensive" than they were.

CONSENSUS ESTIMATES FOR EARNINGS GROWTH

	EPS Growth %		P/E 1992	
	*1992	1993	Dec	Mar
Canada - TSE	58.4	34.3	15	16
France - CAC 40	19.8	12.6	11	12
Germany - Dax	5.6	19.3	13	14
Italy - BCI	13.4	6.6	14	14
Japan - Nikkei	-1.2	na	38	36
UK - FTSE	24.8	15.1	12	13
US - S&P 500	26.7	21.4	15	15

*As at end-Mar 1992. P/E column compares end-Dec figure with end-Mar

Source: IBES

Mirror group agrees pension clause

By Norma Cohen, Investments Correspondent

BANKS controlling over half of Mirror Group Newspapers, the newspaper group headed by the late Robert Maxwell, have agreed, after weeks of negotiations, to require any new owner to make good the shortfall in its pension funds.

Ms Ann Scurfield, solicitor at Berwin Leighton which represents current Mirror Group employees, said the banks – and the company's administrators – had been persuaded "by sheer commercial logic" that the guarantee is needed to reassure current employees that their pensions will be safe regardless of who owns the company.

Mirror Group's current management has agreed to make up the shortfall in the pension fund left by the fraud of Mr Maxwell, an amount estimated at £300m ($516m) over the next 10-20 years.

A spokesman for the Mirror Group Management Consortium, a group headed by Sir Peter Parker which is seeking a management buy-out of the paper, yesterday welcomed the new clause. "It puts other bidders on the same footing as ourselves," a spokesman said. The group had offered to make up any deficit in the pension fund, although the company's administrators had said there was no legal obligation for any new owner to do so.

The new amendment to the trust deed will create that legal obligation, but only if the scheme is wound up, said Mr John Pearson, of solicitors Lovell White Durrant which represents Mirror Group Newspapers.

Under complex arrangements to salvage the pension funds, three new schemes were set up. The first, which holds all the assets not stolen by Mr Maxwell, estimated at £115m-£150m, and any assets recovered from banks, is being used to meet payments due to current pensioners. The second, which is intended to pay past service pensions, has no assets except for the annual contributions from Mirror Group. The third is a new scheme covering pension obligations of current employees and funded by contributions from workers and the company.

Berwin Leighton said that steps have been taken to insure the independence of the pension scheme's current board of trustees. In addition to seven management representatives, there will be five employee representatives, two pensioner representatives and an independent chairman unconnected with the company.

Highland Distilleries reveals 2.5% fall

By Philip Rawstorne in London

HIGHLAND Distilleries yesterday reported a 2.5 per cent dip in first-half profits from £15.08m ($25.80m) to £14.7m as volume sales of Scotch whisky were hit by the recession.

The results surprised the City of London which had been forecasting profits of about £16.4m. Shares lost 11p to close at 259p.

Group operating profits fell 9.8 per cent lower to £11.77m (against £12.97m) on turnover which rose 1 per cent from £95.62m to £96.79m.

Earnings per share fell from 7.9p to 7.7p. The interim dividend is increased 5 per cent to 1.45p.

Mr John Goodwin, Highland chairman, said the fall in profits was because of lower sales of new and mature whisky to blenders who had reduced their orders as industry volumes fell 7 per cent in the UK and 2 per cent in export markets.

The contribution from Famous Grouse, the UK's second-best selling Scotch brand which accounts for half the group's profits, had held steady, Mr Goodwin said.

Industry sales of bottled whisky in the UK had fallen 12 per cent over the six months to the end of February and competitors' prices were discounted during the Christmas period.

However, Famous Grouse had maintained its premium pricing and margins and, though suffering some decline in volume, had increased market share from 13 per cent to 14 per cent. Trading during March had been "encouraging".

Export growth of Famous Grouse was continuing, Mr Goodwin said.

Volumes rose 7 per cent and the value of export sales increased 21 per cent.

The brand has benefited from a distribution deal with Rémy Cointreau in 1990 which linked it with Krug and Heidsieck champagnes and Rémy Martin cognac.

When the deal was signed, exports of Famous Grouse accounted for only 27 per cent of total sales.

The proportion has now risen to 40 per cent.

Mr Goodwin said: "We remain confident about the medium and long-term growth prospects."

Industry analysts underlined that view by downgrading full-year forecasts from £29m to £28.5m, putting the company on a prospective price/earnings ratio of 17.5, still a substantial premium to the market.

INTERNATIONAL COMPANY NEWS IN BRIEF

Rabobank agreement

RABOBANK Nederland, the Dutch bank, has signed a co-operation agreement with Cassa di Risparmio delle Provincie Lombarde (Cariplo), AP-DJ reports from Utrecht.

Under the terms of the agreement, Rabobank customers will have access to business banking services offered at over 600 Cariplo branches in Italy while Cariplo customers can use Rabobank's Dutch network of over 2,000 offices.

Rabobank said that the agreement with Cariplo follows recent arrangements made with Spain's Banco Popular Espanol, Crédit Agricole of France, and Lloyds Bank of the UK.

The latest agreement confirms Rabobank's policy of positioning itself in Europe ahead of 1993. The bank said it is seeking to expand its own office network in Europe, while forming alliances with foreign partners.

Rabobank is already active in Italy through its Milan representative office, Rabofin Italia.

ACEC-UNION Minière, the Belgian non-ferrous metals company, is unlikely to see much of an improvement in its 1992 results after posting a loss in 1991, according to Mr Jean-Pierre Rodier, the chief executive officer, Reuter reports from Brussels.

Acec-UM, a subsidiary of Belgian holding company Société Générale de Belgique, earlier said it had a BFr5bn ($147m) group loss in 1991, reversing a BFr3.82bn profit in 1990. It also dropped its 1991 dividend.

THE GERMAN insurer Aachener und Muenchener Versicherung, part of Aachener und Muenchener Beteiligungs, the financial holding group, said it had sharply reduced its 1991 underwriting losses to DM9m ($5.4m) from a previous DM40.2m, Reuter reports from Aachen.

The company said that 1990 results had been held back by heavy claims linked to hurricanes. It also said 1991 earnings from financial investments had risen by about DM29m.

HENKEL, the German chemicals group, will take over hair care maker Henara from Britain's European Brands Group on June 29 for an undisclosed sum, Reuter reports from Dusseldorf.

Henkel said the acquisition would boost its annual cosmetics sales in Britain to about DM60m, including Henara sales of about DM15m. Henara produces shampoos, conditioners and home permanent kits.

Hafnia asks for its shares to be suspended

By Hilary Barnes in Copenhagen

HAFNIA Holding, the embattled insurance-based financial services group, yesterday asked for its shares to be suspended by the Copenhagen Stock Exchange.

In a terse statement explaining the request, the company said that a "conclusive phase" in negotiations with Norway's UNI Storebrand and Sweden's Skandia to establish a Nordic alliance had been reached. The suspension was also aimed at limiting market speculation about the company's future. However, neither Skandia nor UNI Storebrand's share were suspended. Hafnia is due to release its 1991 results tomorrow. The group has already warned of a loss.

Analysts in Copenhagen estimate that the loss will be about DKr300m ($47.4m), which compares with a loss of DKr1.39bn in 1990. A primary factor in the poor performance is the large investments which Hafnia has made in its domestic rivals, Baltica and Skandia.

Danske Bors, the broking arm of Den Danske Bank, estimates that Hafnia has made an unrealised loss on its large share investments of about DKr1.5bn, reducing the value of group equity capital from DKr6.5bn at the end of 1989 to about DKr2.5bn at the end of the first quarter of this year.

This and similar estimates have caused Hafnia's share price to fall from over DKr700 in 1990 to DKr289 when suspended. Hafnia acquired just over a third of the shares in Baltica Holding in 1990 in an attempt to gain control. It then made a standing offer of DKr1,000 per share for any new shares issued by Baltica, but two weeks ago Hafnia withdrew the offer, giving no explanation.

Last December, UNI Storebrand and Hafnia spearheaded an attempt to gain control of Skandia, by far the largest Nordic insurance group.

Hafnia has 14.8 per cent of the shares in Skandia, an investment which has cost about DKr2.5bn.

Béghin-Say posts fall to FFr754m in net profits

By Alice Rawsthorn in Paris

BEGHIN-SAY, the French sugar company controlled by Italy's Ferruzzi group, yesterday announced a fall in net profits for a second year in succession to FFr754m ($134.64m) in 1991 from FFr1.08bn in 1990.

The group, which is to be merged by Ferruzzi with Eridiana, its Italian sugar subsidiary, attributed the fall in net profits to a reduction in exceptional items from a credit of FFr461m in 1990 to a debit of FFr144m last year.

Béghin-Say, which was burdened by heavy debts after its 1988 acquisition of Lesieur, the French cooking oils company, and large investments in developing its sugar, oil, corn starch and ethanol interests, saw sales rise by 8.6 per cent to FFr40.91bn during the year from FFr37.67bn.

It mustered a 22.4 per cent increase in pre-tax operating profits to FFr1.82bn from FFr1.48bn and a 26.7 per cent rise in net profits before exceptional items to FFr783m from FFr618m. The group's net debt rose to FFr9.1bn in 1991 from FFr8.47bn in 1990. The board proposed raising the dividend to FFr30 from FFr27.50.

Béghin-Say said its oils interest had shown "strong growth" during the year and that its grinding and refining activities had shown a moderate improvement.

The merger with Eridania, which caused some controversy because of the valuation of the Eridania assets being bought by Béghin-Say, will create Europe's third largest food group, according to Ferruzzi, with projected sales of over L11,000bn ($8.59bn) for this year.

Under the terms of the merger, Béghin-Say will make an exclusive rights issue on Eridania's behalf in return for the latter's Italian sugar interests and its 30 per cent stake in Cerestar, the starch group, the rest of which is already owned by Béghin-Say. After the merger the combined companies will be rechristened Eridania/Béghin-Say (EBS).

La Cinq puts MMB in the red

By Alice Rawsthorn

MMB, the French holding company that controls the Matra electronics group and the Hachette media empire, will go into the red in 1991 because of the losses incurred by La Cinq, the French television station managed by Hachette which went out of business last Friday.

Last Friday the Paris commercial court decided to wind up La Cinq following weeks of fruitless attempts to find a rescuer for the station. Earlier last week Hachette which, like Matra, is chaired by Mr Jean-Luc Lagardère, announced that it had been forced to restructure its finances following an overall loss of up to FFr3.5bn ($637m) on its 18-month investment in La Cinq.

Hachette is not only one of the largest shareholders in La Cinq, with a 25 per cent stake, but may also have to compensate the financial partners that it introduced to the station.

Yesterday MMB disclosed that La Cinq's losses meant it would produce a negative result for 1991. Neither Hachette nor Matra have yet published their 1991 results. Hachette fell into losses during the first half of the year because of La Cinq's problems and Matra suffered a steep fall in profits due to weak demand from its key customers in the defence and telecoms sectors.

Earlier this year Mr Lagardère surprised the Paris stock market by announcing plans to merge Hachette and Matra. He described their combined operations as a "two headed eagle" claiming that so far they had been unable to derive any benefit from their common ownership under MMB.

The details of the merger - which would create a group with FFr54.3bn in sales and FFr1.1bn of net profits according to their 1990 accounts - have yet to be announced. However, last week Hachette said that it planned to press ahead with plans to combine its operations with those of Matra, notwithstanding its own financial restructuring.

Compagnie des Eaux sees earnings up 17%

By William Dawkins in Paris

COMPAGNIE Générale des Eaux, the largest of France's two water distribution companies, yesterday estimated that profits rose 17 per cent last year, slightly better than most analysts were expecting.

The group said it expected net profits to rise to around FFr2.6bn ($460m) from FFr2.22bn in 1990, on turnover up by just over 15 per cent to about FFr135bn. Cash flow was unchanged at FFr9bn.

Of total sales, FFr36.5bn were made abroad. Within that, FFr25bn was in Europe, up from FFr18.7bn in the previous year, said the group. The rise in European turnover came mainly from growth in the group's German construction activities and in its British urban cleaning business.

Nestlé takes over at Perrier

By Alice Rawsthorn in Paris

NESTLE, the Swiss food group, yesterday announced it had formally won control of Perrier, the French mineral water company for which it has fought a fiercely contested FFr15.46bn ($2.76bn) takeover bid.

After months of corporate wrangling the battle came to an amicable conclusion two weeks ago.

Recession and price wars hit Provigo

By Robert Gibbens in Montreal

PROVIGO, Canada's second -largest food distributor, was hit by the recession and east Canada price wars in the fourth quarter ended January 25.

Net profit was C$6.2m (US$5.21m) or 7 cents a share on sales of C$1.5bn, down from C$15.1m or 18 cents a share on sales of C$1.6bn a year earlier.

For the full year, Provigo earned C$49.3m or 57 cents a share, up from C$700,000 or 1 cent a share a year earlier after special charges, on sales of C$6.7bn, up 3 per cent. Provigo said fiscal 1993 would be another difficult year due to the recession.

He denied rumours that Provigo may team up with Loblaw, Canada's largest food distributor, to buy part of the loss-making Steinberg supermarket group in east Canada.

● Imasco, the tobacco, fast-food retailing and financial services group, plans to raise C$150m by an issue of 10-year debentures in Canada.

Rob Walton takes over at Wal-Mart

By Martin Dickson in New York

WAL-MART, the discount chain, yesterday named Mr S. Robson "Rob" Walton as chairman of America's largest and most influential retailing group in succession to Mr Sam Walton, his father and founder of the business, who died on Sunday.

The 47-year-old new chairman is the eldest of Sam Walton's four children and has been a member of the Wal-Mart board since 1978. The Walton family holds 38 per cent of Wal-Mart stock.

Sam Walton, who died in Little Rock, Arkansas, aged 74, after a long struggle with cancer, had stepped down as chief executive of Wal-Mart in 1988, handing over day-to-day responsibility for running the business to a management team headed by Mr David Glass.

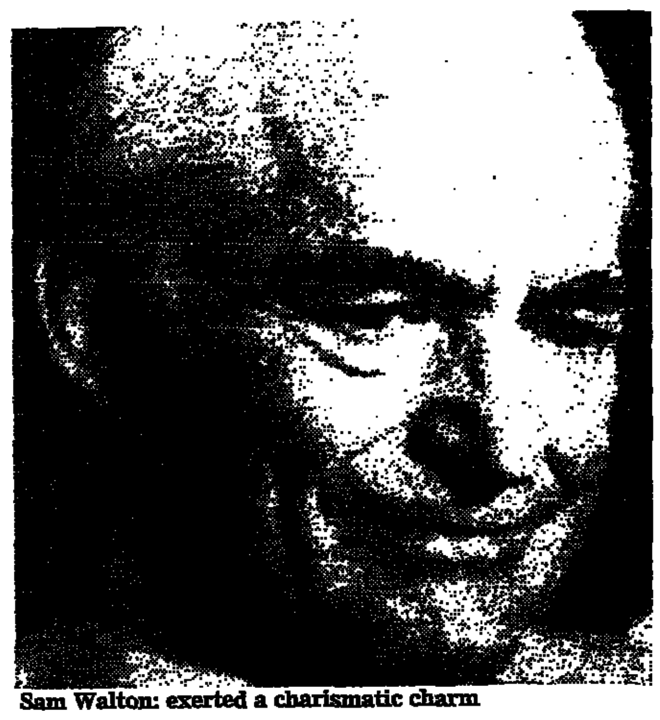
Wal-Mart emphasised yesterday that Rob Walton's assumption of the chairmanship would mean no changes in group policy or direction.

The company would "continue to look for operational guidance from its current management team".

Wal-Mart shares moved slightly higher in active morning trading, standing at 52⅞, up $¾, at lunchtime on the New York Stock Exchange.

In spite of the company's assurances, there remains some doubts on Wall Street as to whether Wal-Mart can be quite the success it was under Sam Walton, who exerted a charismatic charm over the business right up to his death.

There is also concern over Wal-Mart's ability to maintain its extraordinary pace of growth as it pushes into food retailing, and experiments with own-label products, at the same time as it expands geographically and faces sharper competition from other large discount chains like K-Mart.



Sam Walton: exerted a charismatic charm

The most important retailer of his generation

SAM WALTON was arguably the most important retailer of his generation. The son of an Oklahoma real-estate broker, he opened the first general store in what was to become the Wal-Mart chain in Bentonville, in the backwaters of Arkansas, in 1950, writes Martin Dickson.

By 1991 the chain's sales had risen to nearly $44bn, making it the world's largest retailer in terms of revenues, and the Walton family probably America's richest. Wal-Mart now operates in 43 US states, selling goods ranging from detergents to golf clubs.

The chain's success stemmed both from Mr Walton's personality and willingness to challenge accepted retailing orthodoxy.

He was a frugal, modest man who worked extremely long hours from a spartan room in his Bentonville headquarters but delighted in getting out of the office to tour stores and meet customers and staff, whom he insisted on calling "associates."

He would deliver pep-talks to employees extolling the virtues of thrift and customer satisfaction, long before these were fashionable management buzz-words.

Employee satisfaction – an idea which is only now gaining wider acceptance in US service industries – was also a vital ingredient in the Walton philosophy.

He buoyed staff morale with cheer-leading sessions, bonus payments for good performance and profit-sharing plans which allowed some employees of very modest means to retire relatively wealthy.

Eight years ago, when Wal-Mart's profits were better than expected, he kept a promise to staff by dressing in a grass-skirt to dance the hula on Wall Street.

Also essential to Wal-Mart's growth was its pioneering of high volume, cut-price retailing throughout the year, rather than the periodic sales which rivals relied on to generate customer loyalty.

"Low prices always" became its motto.

Mr Walton also disproved the conventional wisdom that large discount stores could not operate successfully in the small, rural towns of the US south.

It was precisely such locations which became the bedrock of the business, though in the process Wal-Mart put out of business hundreds of small main street stores, prompting bitter resistance in some towns which Mr Walton tended to blunt with generous charitable donations.

AMP premium income slips to A$8.2bn

By Bruce Jacques in Sydney

AMP Society, Australia's biggest insurance group, lifted the value of its total assets to A$70.2bn (US$54bn) in 1991, from A$63.6bn a year earlier, but total premium income fell slightly.

Mr Ian Salmon, managing director, announced a fall in total premium income to A$8.2bn, from A$8.5bn, despite a 36 per cent rise in the first full-year contribution from UK-based Pearl Assurance, acquired early in 1990 for A$1.2bn.

AMP's share portfolio, Australia's largest, rose in value to A$30.1bn from A$22.9bn, but the value of property holdings fell to A$9.7bn from A$11.8bn.

Mr Salmon appealed to the Federal government to stop what he described as "piecemeal changes" to superannuation policy. He said AMP had reduced costs by about A$130m in the latest year and planned further savings.

HK businessman seeks O&Y assets

By Simon Holberton in Hong Kong

MR LI KA-SHING, Hong Kong's richest man, yesterday confirmed he was interested in acquiring some of Olympia & York's assets.

O&Y, the world's largest private landlord, is negotiating with its bankers to reschedule $20bn of debts.

A spokesman for Mr Li would give no details of his plans except that he was interested in some of O&Y's assets. Mr Li stood down from the board of the Hongkong and Shanghai Bank last week so he could devote himself fully to his business interests.

Mr Li, dubbed "superman" by the local Hong Kong media, is one of the few big players in international property with the resources to acquire O&Y's assets. Cheung Kong, his flagship, is estimated to generate cash flows of over $1bn a year.

Mr Li, who is one of the biggest landowners in Vancouver, is also a 9 per cent shareholder in Canadian Imperial Bank of Commerce – the Canadian bank which is estimated to have lent O&Y C$1bn (US$840m).

Last October, in his first venture into the US property market, he bought for his own account a 49 per cent interest in a New York office building, formerly Drexel Burnham Lambert's head office, from O&Y for an estimated $47.5m.

The New York office block is held through a joint venture partnership, guaranteed by O&Y's US subsidiary. Mr Li took pains yesterday to state, through a spokesman, that his investment in that building was unaffected by the difficulties facing O&Y.

In a joint statement at the time the two parties said the transaction signalled "an important strategic alliance" between Mr Li and O&Y.

This announcement followed persistent reports he was considering an investment in Canary Wharf, Europe's biggest single property development situated in the east end of London. Since then the two have not announced plans to co-operate on any more business ventures.

Mr Li may, however, be interested in more than just O&Y property assets. O&Y owns 75 per cent of Gulf Canada Resources, one of Canada's largest refiners of oil and distributors of petrol.

Mr Li controls Husky Oil, Canada's biggest producer of natural gas and oil, through two listed Hong Kong companies. Gulf Canada Resources would give him a fully integrated energy business in Canada.

Against this, analysts said, Husky has been a poor investment, at least in the short term, and he could face competition problems if he were to buy Gulf Resources, not to mention a backlash from Canada's vocal economic nationalists.

Banco Promex stake sold for 1,074bn pesos

By Damian Fraser in Mexico City

THE MEXICAN government has sold 66 per cent of Banco Promex to investors from the brokerage Valores Finamex for 1,074bn pesos ($343m), equivalent to 4.3 times book value and 16.45 times last year's earnings.

The government has now privatised 14 of the 18 banks for sale, and received close to 33,000bn pesos. The final four banks should be sold by the middle of this year.

Valores Finamex bid 4,285 pesos per share. The only other bid was for 3,697 pesos per share, equivalent to 3.65 times book value.

Banco Promex is Mexico's eighth largest bank, with 153 branches, concentrated in three western states, Jalisco, Michoacan and Guanajuato. The bank has assets of 4,100bn pesos (1.1 per cent of the total) and earned profits last year of 96bn pesos.

The winning investors intend to form a new financial group, Promex-Finamex, comprising the bank, brokerage, and other subsidiaries. The new group's headquarters will be in Guadlajara, the capital of Jalisco, and Mexico's second largest city.

Ingersoll-Rand sees signs of upturn

By Andrew Baxter in Munich

HIGHER US infrastructural spending and hopeful signs in the economy were improving the outlook for construction equipment producers, said Mr Bill Mulligan, executive vice-president of Ingersoll-Rand, yesterday.

"We think the market has turned," Mr Mulligan said, a 40-year veteran of the US industrial and construction equipment producer.

He was speaking at the Bauma construction equipment exhibition in Munich, which opened yesterday amid generally depressed conditions for the $25bn-$28bn world market. Mr Mulligan admitted Ingersoll-Rand had seen signs of an upturn eight months ago, although that had proved to be an aberration.

But everything now pointed to improving trends for the construction market in the US.

Ingersoll-Rand's road-paving and compacting equipment businesses are direct beneficiaries of the infrastructural spending bill signed by US President George Bush last year.

Mr Mulligan said the private sector construction business remained quiet. The company's net earnings fell last year from $185.3m, or $3.55 a share, to $150.6m, or $2.91, reflecting its wide spread of customers in industry and construction.

The relatively strong performance – most other large US construction equipment companies lost money last year – was also underpinned by European expansion.

Last year, Ingersoll-Rand reached its target of $1bn of sales in Europe, the Middle East and Africa a year early. Sales in this "European served area" have jumped from 17 per cent of the worldwide total in 1987 to 27 per cent. Mr Mulligan said Ingersoll-Rand was prepared to make further acquisitions in Europe, on top of two in Germany and one in France over the past three years.

The purchases of ABG, a German road-making equipment producer, and Klemm, a manufacturer of specialised hydraulic drills, have significantly expanded the company's German presence, although its market share remained relatively small, said Mr Mulligan.

Mr Heinz Henrich, ABG's marketing manager, said German demand for road-making equipment was being spurred not only by much-needed infrastructural spending in eastern Germany but by tough German environmental regulations, introduced in 1986 and subsequently strengthened, requiring recycling of road asphalt.

Kraft set to take stake in IQM

INDUSTRIAL Quesera Menorquina (IQM), the Spanish dairy group, has reached an agreement in principle to merge its interests with Kraft General Foods, a unit of Kraft General Foods International of the US, Reuter reports.

GPA deal tests lease-backed financing

By Tracy Corrigan

A NEW source of finance for aircraft leasing may soon be available to airlines, if an asset-backed transaction being prepared by GPA, the Irish aircraft leasing group, is successful.

GPA has mandated Citicorp to arrange an issue of Eurobonds backed by aircraft leases, according to market sources. The deal, expected to total $500m, is believed to be the first securitisation of aircraft leases structured as a public offering. In securitisation, assets are removed from a company's balance sheet, repackaged as bonds or notes, and sold to investors through a special-purpose vehicle.

Mortgages, car loans and credit card receivables are among the assets now commonly securitised.

If the market proves receptive to the GPA deal, the structure is likely to be imitated by airline companies. Many are in need of new sources of funds since conventional leasing finance has become increasingly hard to come by.

The securitisation of leases will allow airlines to raise funds from the bond markets, which most cannot access in their own right because of their poor credit quality.

The $500m transaction will be be divided into five tranches. The first will be a $200m issue of senior fixed-rate Eurobonds.

They will have a five-year bullet maturity, which means they cannot be repaid in advance. The risk of pre-payment inherent in many asset-backed securities is a strong deterrent for many European investors.

The second tranche will consist of a $200m issue of senior floating-rate Eurobonds, also with a fixed term of five years. Both tranches will be offered publicly, and priced to offer a premium to existing classes of asset-backed debt.

A third tranche totalling $70m will be structured as a private placement of amortising floating-rate notes.

The remainder of the transaction will include $30m of mezzanine financing and $100m of equity.

● Lockheed and Amerigon formed a partnership to convert unused aerospace facilities at Lockheed's Burbank Airport plant into headquarters for Calstart, a government/private sector consortium being formed to create an electric vehicle and advanced transportation industry in California, Reuter reports.

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THE WORLD IS TURNING
FOR PEOPLE WHO KNOW THE FACTS

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, April 6, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	56.698	34.9779	42.7341
Albania	(Lek)	87.425	49.9428	30.8105	37.6426
Algeria	(Dinar)	38.467	21.9748	13.5566	16.5627
Andorra	(Fr Fr)	9.6100	5.4898	3.3867	4.1377
	(Sp Peseta)	180.50	103.113	63.6123	77.7179
Angola	(Kwanza)	312.9465	178.775	110.29	134.746
Antigua	(E Carr $)	4.7209	2.6968	1.6637	2.0326
Argentina	(Peso)	1.7317	0.9892	0.6102	0.7456
Aruba	(Florin)	3.1298	1.7879	1.103	1.3475
Australia	(Aus $)	2.2905	1.3084	0.8072	0.9862
Austria	*(Schilling)*	*19.9350*	*11.3881*	*7.0255*	*8.5834*
Azores	(Port Escudo)	243.10	138.875	85.674	104.672
Bahamas	(Bahama $)	1.7505	1	0.6169	0.7537
Bahrain	(Dinar)	0.6571	0.3753	0.2315	0.2829
Balearic Is	(Sp Peseta)	180.50	103.113	63.6123	77.7179
Bangladesh	(Taka)	66.50	37.9891	23.4361	28.6329
Barbados	(Barb $)	3.5168	2.009	1.2394	1.5142
Belgium	(Belg Fr)	58.45	33.3904	20.5991	25.1668
Belize	(B $)	3.497	1.9977	1.2324	1.5057
Benin	(CFA Fr)	480.50	274.493	169.339	206.889
Bermuda	(Bermudian $)	1.7505	1	0.6169	0.7537
Bhutan	(Ngultrum)	51.02	29.1459	17.9806	21.9677
Bolivia	(Boliviano)	6.6443	3.7956	2.3416	2.8608
Botswana	(Pula)	3.7759	2.157	1.3307	1.6257
Brazil	(Cruzeiro)	3579.47	2044.83	1261.49	1541.21
Brunei	(Brunei $)	2.8852	1.6482	1.0168	1.2422
Bulgaria	(Lev)	32.24	18.4175	11.3621	13.8815
Burkina Faso	(CFA Fr)	480.50	274.493	169.339	206.889
Burma	(Kyat)	10.9542	6.2577	3.8605	4.7165
Burundi	*(Burundi Fr)*	*343.65*	*196.315*	*121.11*	*147.966*
Cambodia	(Riel)	1223.95	699.2	431.348	526.997
Cameroon	(CFA Fr)	480.50	274.493	169.339	206.889
Canada	(Canadian $)	2.0780	1.187	0.7323	0.8947
Canary Is	(Sp Peseta)	180.50	103.113	63.6123	77.7179
Cp Verde	(CV Escudo)	120.24	68.6889	42.3753	51.7717
Cayman Is	(CI $)	1.4513	0.829	0.5114	0.6248
Cent. Afr. Rep	(CFA Fr)	480.50	274.493	169.339	206.889
Chad	(CFA Fr)	480.50	274.493	169.339	206.889
Chile	(Chilean Peso)	607.71	347.164	214.171	261.662
China	(Renminbi Yuan)	9.5309	5.4446	3.3589	4.1037
Colombia	(Col Peso)	1088.75	621.965	383.7	468.784
Comoros	(CFA Fr)	480.50	274.493	169.339	206.889
Congo (Brazz)	(CFA Fr)	480.50	274.493	169.339	206.889
Costa Rica	(Colon)	232.46	132.796	81.9242	100.09
Côte d'Ivoire	(CFA Fr)	480.50	274.493	169.339	206.889
Cuba	(Cuban Peso)	1.3243	0.7565	0.4667	0.5702
Cyprus	(Cyprus £)	0.8134	0.4646	0.2866	0.3502
Czechoslovakia	(Koruna)	50.38c	28.7803	17.755	21.6921
		48.55t	27.7349	17.1101	20.9041
Denmark	(Danish Kroner)	11.0100	6.2896	3.8801	4.7405
Djibouti Rep	(Djib Fr)	305.00	174.236	107.489	131.324
Dominica	(E Carib $)	4.7209	2.6968	1.6637	2.0326
Dominican Rep	(D Peso)	22.24	12.7049	7.8378	9.5758
Ecuador	*(Sucre)*	*2301.90o*	1315	811.242	991.13
		2350.86a	1342.96	828.497	1012.21
Egypt	(Egyptian £)	5.7941	3.3099	2.0419	2.4947
El Salvador	(Colon)	14.0047	8.0003	4.9355	6.03
Equat'l Guinea	(CFA Fr)	480.50	274.493	169.339	206.889
Ethiopia	(Ethiopian Birr)	3.5866	2.0489	1.264	1.5442
Falkland Is	(Falk £)	1.00	0.5712	0.3524	0.4305
Faroe Is	(Danish Kroner)	11.0100	6.2896	3.8801	4.7405
Fiji Is	(Fiji $)	2.606	1.4887	0.9184	1.122
Finland	(Markka)	7.7575	4.4315	2.7339	3.3401
France	(Fr)	9.6100	5.4898	3.3867	4.1377
Fr. Cty/Africa	(CFA Fr)	480.50	274.493	169.339	206.889
Fr. Guiana	*(Local Fr)*	*9.6100*	5.4898	3.3867	*4.1377*
Fr. Pacific Is	(CFP Fr)	172.00	98.2576	60.6167	74.0581
Gabon	(CFA Fr)	480.50	274.493	169.339	206.889
Gambia	(Dalasi)	15.4917	8.8498	5.4596	6.6702
Germany	(D-Mark)	2.8375	1.6209	1	1.2217

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	710.622	405.954	250.439	305.973
Gibraltar	(Gib £)	1.00	0.5712	0.3524	0.4305
Greece	(Drachma)	330.72	188.929	116.553	142.398
Greenland	(Danish Krone)	11.0100	6.2896	3.8801	4.7405
Grenada	(E Carr $)	4.7209	2.6968	1.6637	2.0326
Guadaloupe	(Local Fr)	9.6100	5.4898	3.3867	4.1377
Guam	(US $)	1.7505	1	0.6169	0.7537
Guatemala	(Quetzal)	8.988	5.1345	3.1675	3.8699
Guinea	(Fr)	1420.29	811.362	500.543	611.535
Guinea-Bissau	(Peso)	8742.50	4994.29	3081.06	3764.26
Guyana	(Guyanese $)	212.0231	121.121	74.7217	91.2908
Haiti	(Goude)	8.7425	5	3.081	3.7642
Honduras	(Lempira)	9.6011	5.4847	3.3836	4.1339
Hong Kong	(HK $)	13.5250	7.7263	4.7665	5.8234
Hungary	(Forint)	139.5128	79.6988	49.1675	60.07
Iceland	(Icelandic Krona)	102.71	58.6746	36.1973	44.2238
India	(Indian Rupee)	51.02	29.1459	17.9806	21.9677
Indonesia	(Rupiah)	3500.97	1999.98	1233.82	1507.41
Iran	(Rial)	2500.00v	1428.16	881.057	1076.43
		115.20o	65.8097	40.5991	49.6017
Iraq	(Iraqi Dinar)	0.5936	0.3391	0.2091	0.2555
Irish Rep	(Punt)	1.0690	0.6106	0.3767	0.4602
Israel	(Shekel)	4.22	2.4107	1.4872	1.817
Italy	(Lira)	2146.00	1225.94	756.3	924.004
Jamaica	(Jamaican $)	40.2155	22.9737	14.1728	17.3156
Japan	(Yen)	232.25	132.676	81.8502	100
Jordan	(Jordanian Dinar)	1.1888	0.6791	0.4189	0.5118
Kenya	(Kenya Shilling)	52.1927	29.8158	18.3939	22.4726
Kiribati	(Australian $)	2.2905	1.3084	0.8072	0.9862
Korea North	(Won)	1.696	0.9688	0.5977	0.7302
Korea South	(Won)	1352.27	772.505	476.571	582.248
Kuwait	(Kuwaiti Dinar)	0.5163	0.2949	0.1819	0.2223
Laos	*(New Kip)*	1241.435	709.189	437.51	534.525
Lebanon	(Lebanese £)	2359.7	1348.01	831.612	1016.02
Lesotho	(Maluti)	5.0080	2.8608	1.7649	2.1562
Liberia	(Liberian $)	1.7505	1	0.6169	0.7537
Libya	(Libyan Dinar)	0.4926	0.2814	0.1736	0.212
Liechenstein	(Swiss Fr)	2.6050	1.4881	0.918	1.1216
Luxembourg	(Lux Fr)	58.45	33.3904	20.5991	25.1668
Macao	(Pataca)	13.9808	7.9867	4.9271	6.0197
Madagascar	(MG Fr)	3073.25	1755.64	1083.08	1323.25
Madeira	(Port Escudo)	243.10	138.875	85.674	104.672
Malawi †	(Kwacha)	5.6931	3.2522	2.0063	2.4512
Malaysia	(Ringgit)	4.490	2.5649	1.5823	1.9332
Maldive Is	(Rufiya)	17.7648	10.1484	6.2607	7.6489
Mali Rep	(CFA Fr)	480.50	274.493	169.339	206.889
Malta	(Maltese £)	0.5663	0.3235	0.1995	0.2438
Martinique	(Local Fr)	9.6100	5.4898	3.3867	4.1377
Mauritania	(Ouguiya)	138.66	79.2116	48.8669	59.7029
Mauritius	(Maur Rupee)	27.9150	15.9468	9.8378	12.0193
Mexico	(Mexican Peso)	5284.22	3018.69	1862.28	2275.23
Miquelon	*(Local Fr)*	*9.6100*	5.4898	3.3867	*4.1377*
Monaco	(French Fr)	9.6100	5.4898	3.3867	4.1377
Mongolia	(Tugrik)	69.94	39.9542	24.6484	30.1141
Montserrat	(E Carr $)	4.7209	2.6968	1.6637	2.0326
Morocco	(Dirham)	14.56	8.3176	5.1312	6.2691
Mozambique	(Metical)	3582.40	2046.5	1262.52	1542.48
Namibia	(S A Rand)	5.0080	2.8608	1.7649	2.1562
Nauru Is	(Australian $)	2.2905	1.3084	0.8072	0.9862
Nepal	(Nepalese Rupee)	81.5326	46.5767	28.7339	35.1055
Netherlands	(Guilder)	3.1950	1.8251	1.1259	1.3756
N'nd Antilles	(A/Guilder)	3.1298	1.7879	1.103	1.3475
New Zealand	(NZ $)	3.2032	1.8298	1.1288	1.3792
Nicaragua	*(Gold Cordoba)*	*8.7425*	4.9942	*3.081*	*3.7642*
Niger Rep	(CFA Fr)	480.50	274.493	169.339	206.889
Nigeria	(Naira)	32.2598v	18.45	11.369	13.8901
Norway	(Nor. Krone)	11.1500	6.3696	3.9295	4.8008
Oman	(Rial Omani)	0.6710	0.3833	0.2364	0.2889

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	43.48	24.8386	15.3233	18.7212
Panama	(Balboa)	1.7505	1	0.6169	0.7537
Papua New Guinea	(Kina)	1.667	0.9522	0.5874	0.7177
Paraguay	(Guarani)	2535.32	1448.34	893.505	1091.63
Peru	(New Sol)	1.63	0.9311	0.5744	0.7018
Philippines	(Peso)	42.17	24.0902	14.8616	18.1571
Pitcairn Is	(£ Sterling)	1.00	0.5712	0.3524	0.4305
	(NZ $)	3.2032	1.8298	1.1288	1.3792
Poland	(Zloty)	23470.00	13407.6	8271.37	10105.5
Portugal	(Escudo)	243.10	138.875	85.674	104.672
Puerto Rico	(US $)	1.7505	1	0.6169	0.7537
Qatar	(Riyal)	6.3445	3.6243	2.2359	2.7317
Reunion Is. de la	(F/Fr)	9.6100	5.4898	3.3867	4.1377
Romania	(Leu)	346.00g	197.658	121.938	148.977
Rwanda	(Fr)	214.55	122.565	75.6123	92.3789
St Christopher	(E Carr $)	4.7209	2.6968	1.6637	2.0326
St Helena	(£)	1.00	0.5712	0.3524	0.4305
St Lucia	(E Carr $)	4.7209	2.6968	1.6637	2.0326
St Pierre	(French Fr)	9.6100	5.4898	3.3867	4.1377
St Vincent	(E Carr $)	4.7209	2.6968	1.6637	2.0326
San Marino	(Italian Lira)	2146.00	1225.94	756.3	924.004
Sao Tome	(Dobra)	419.64	239.726	147.891	180.685
Saudi Arabia	(Riyal)	6.5366	3.7341	2.3036	2.8144
Senegal	(CFA Fr)	480.50	274.493	169.339	206.889
Seychelles	(Rupee)	9.12	5.2099	3.214	3.9268
Sierra Leone	(Leone)	751.855	429.509	264.971	323.727
Singapore	($)	2.8852	1.6482	1.0168	1.2422
Solomon Is	($)	5.01	2.862	1.7656	2.1571
Somali Rep	(Shilling)	4581.07	2617.01	1614.47	1972.47
South Africa	(Rand)	5.0080c	2.8608	1.7649	2.1562
		6.0610g	3.4624	2.136	2.6096
Spain	(Peseta)	180.50	103.113	63.6123	77.7179
Spanish Ports in N Africa	(Sp Peseta)	180.50	103.113	63.6123	77.7179
Sri Lanka	(Rupee)	75.075	42.8877	26.4581	32.325
Sudan Rep	*(£)*	*157.365*	*89.8971*	55.459	*67.7567*
Surinam	(Guilder)	3.1211	1.7829	1.0999	1.3438
Swaziland	(Lilangeni)	5.0080	2.8608	1.7649	2.1562
Sweden	(Krona)	10.3025	5.8854	3.6308	4.4359
Switzerland	(Fr)	2.6050	1.4881	0.918	1.1216
Syria	(£)	35.4071	20.2268	12.4782	15.2452
Taiwan	($)	44.25	25.2784	15.5947	19.0527
Tanzania	(Shilling)	502.69	287.169	177.159	216.443
Thailand	(Baht)	45.2025	25.8226	15.9303	19.4628
Togo Rep	(CFA Fr)	480.50	274.493	169.339	206.889
Tonga Is	(Pa Anga)	2.2905	1.3084	0.8072	0.9862
Trinidad/Tobago	($)	7.4311	4.2451	2.6188	3.1996
Tunisia	(Dinar)	1.5936	0.9103	0.5616	0.6861
Turkey	*(Lira)*	*10892.13*	6222.3	3838.64	4689.83
Turks & Caicos	(US $)	1.7505	1	0.6169	0.7537
Tuvalu	(Australian $)	2.2905	1.3084	0.8072	0.9862
Uganda	(New Shilling)	2016.14	1151.75	710.534	868.09
U A E	(Dirham)	6.4011	3.6567	2.2558	2.7561
United Kingdom	(£)	1.00	0.5712	0.3524	0.4305
United States	*(US $)*	*1.7505*	1	*0.6169*	*0.7537*
Uruguay	(Peso)	4826.18	2757.03	1700.86	2078.01
USSR	(Rouble)	1.0082o	0.5759	0.3553	0.4341
		173.85m	99.3144	61.2687	74.8546
Vanuatu	(Vatu)	195.55	111.711	68.9162	84.198
Vatican	(Lira)	2146.00	1225.94	756.3	924.004
Venezuela	(Bolivar)	105.8597	60.4739	37.3073	45.58
Vietnam	(Dong)	19950.38	11397	7030.97	8590.05
Virgin Is-British	(US $)	1.7505	1	0.6169	0.7537
Virgin Is-US	(US $)	1.7505	1	0.6169	0.7537
Western Samoa	(Tala)	4.2877	2.4494	1.511	1.8461
Yemen (Rep of)	(Rial)	22.6431	12.9352	7.9799	9.7494
Yemen (Rep of)	(Dinar)	0.8131	0.4644	0.2865	0.35
Yugoslavia	(Dinar)	242.4127	138.482	85.4317	104.376
Zaire Rep	(Zaire)	185341.00	105879	65318.4	79802.4
Zambia	(Kwacha)	233.42	133.345	82.2625	100.504
Zimbabwe	($)	8.7862	5.0192	3.0964	3.783

Special Drawing Rights April 3, 1992 United Kingdom £0.789171 United States $1.37292 Germany D Mark 2.24335 Japan Yen183.697
European Currency Unit Rates April 6, 1992 United Kingdom £0.718702 United States $1.25737 Germany D Mark 2.03983 Japan Yen167.054

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate, (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate ; † Malawi Kwacha has been devalued.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, April 6, 1992.

INTERNATIONAL COMPANIES

Coconut tycoon fights to retake Philippine group

One of the most remarkable comebacks on the Philippine corporate scene is about to be brought off by Mr Eduardo "Danding" Cojuangco, the coconut tycoon.

Mr Cojuangco is in the final stages of retaking control of the United Coconut Planters Bank, which he helped set up in 1975 but was sequestered by the government in 1986 shortly after the fall of his patron, President Ferdinand Marcos.

Mr Cojuangco's return to the Planters Bank should also open the door for his retaking of San Miguel, the country's largest industrial enterprise in which the Planters Bank holds a large block of shares that had been sequestered.

Sequestration of both companies' shares was based on suspicion that they were acquired illegally by Mr Marcos, his relatives and business associates – of whom the best known is Mr Cojuangco.

Mrs Corazon Aquino, after assuming the presidency, set up a presidential commission on good government to track down and retrieve what she called the ill-gotten wealth.

For Mr Cojuangco, regaining control of the Planters Bank and San Miguel will not only complete a task launched on his return to Manila in November 1989 from exile in the US, it could bolster his position in the Philippines' May election.

Mr Cojuangco is one of eight candidates aiming to succeed his estranged cousin, Mrs Aquino, who is not seeking a second term as president.

On a larger perspective, the musical chairs at the Planters Bank and San Miguel is an indictment of a system that induces businessmen to nurture political connections, even develop political acumen, to be able to stay the course.

However, it remains unclear how Mr Cojuangco's regaining power at these companies will figure in his agenda if he wins the presidential election. Under the Philippine constitution, the president is not allowed to participate in any business.

Mr Cojuangco's return to the Planters Bank, the country's sixth largest commercial bank in terms of assets, was paved by a Philippine Supreme Court ruling on March 4 upholding the coconut farmers' right to exercise the votes on their sequestered shares.

At the time of the government's sequestration of nearly 95 per cent of the bank's outstanding shares in June 1986, Mr Cojuangco held 17.7 per cent. Another bloc representing 59.8 per cent was supposedly owned by 1.4m coconut farmers, although Mr Cojuangco and his associates of big landowners at the Philippine Coconut Producers Federation held proxies to these. Three Cojuangco appointees in the Planters Bank, all holding important positions in the bank, held 5 per cent each.

The commission sequestered the Planters Bank on the argument that proceeds from a Marcos-era levy on coconuts had been used to set up the bank, so it should be run by the state. Total collections from the levy from 1973 to 1982 were estimated at 9.7bn pesos ($400m).

The complex ownership layers in the levy-financed investments raised suspicions that Mr Marcos might have had shareholdings. The investments were made through various shell companies financed by a Coconut Industry Investment Fund, according to the commission investigators.

One of Mr Cojuangco's appointees, Mr Danilo Ursua,

Jose Galang unravels the webb of disputes about company ownership and voting rights that mark the comeback to the Manila corporate scene of Eduardo Cojuangco

the Planters Bank president at the time of the sequestration, admitted to the commission that he had endorsed to Mr Cojuangco all his shares in the bank in exchange for a guarantee to a loan to pay for his shares.

Among items recovered at the presidential residence after Mr Marcos fled the country in 1986, were documents endorsing more than 16.2m shares in San Miguel. At today's prices, these are worth 972m pesos.

The supreme court ruling on the Planters Bank excluded nominees of the commission who had been running the bank since 1986.

It said the commission, as guardian of the bank's shares "cannot exercise acts of strict ownership", including the right to vote. It directed that the Philippine anti-corruption court, before which the suits against Mr Cojuangco were filed by the government, conduct elections to the Planters Bank board using the court's guidelines.

To prevent Mr Cojuangco and his group from "dissipating" the bank's assets, the Supreme Court entitled the commission to appoint a comptroller and to review disbursements of more than 5m pesos.

However, the presidential commission-installed board has no intention of letting go easily. Even as the commission's argument that the coconut levy investments should be managed by the state was still being pursued in the courts, the incumbent board postponed this year's annual shareholders' meeting, which should have been held on March 3.

Mr Cojuangco's lawyers had petitioned the anti-corruption court to require the Planters Bank immediately to call board elections as ordered by the Supreme Court. The anti-corruption court is expected to rule on the petition in the next few days.

At San Miguel, executives are edgy over the impending return of Mr Cojuangco. Many of them remember the company's unpleasant transformation, when Mr Cojuangco was chairman in the mid-1980s, from an apolitical enterprise, which had previously helped it survive the many political changes since it was set up as a small brewery in March 1890.

Political intrigue and coconut levy money played a big role in Mr Cojuangco's entry into San Miguel. A bitter dispute in 1983 between the younger Mr Andres Soriano, then chairman, and his cousin Mr Enrique Zobel, one-time vice-chairman and head of Ayala Corporation, a property-based conglomerate with holdings in San Miguel, provided an entry for Mr Cojuangco.

Mr Cojuangco's purchases of Mr Zobel's holdings were financed by the the Planters Bank. He declared that all his shares in San Miguel had been mortgaged to the bank. When Mr Soriano died in 1984, Mr Cojuangco assumed chairmanship and Mr Soriano's son, Andres, then only 33 years old, became president.

After Mr Cojuangco fled the country with Mr Marcos during the 1986 rebellion, the young Mr Soriano moved to regain control of the corporation. But the principal element of his manoeuvre, the sale of the Planters Bank's 30 per cent holding to a Hong Kong-based subsidiary of San Miguel, Neptunia Corporation, aroused the suspicion of the commission.

Fearing the transaction could benefit Mr Cojuangco or Mr Marcos, the commission sequestered the shares. Since then, the presidential commission nominees have been voting these shares, along with another bloc owned by Mr Cojuangco and two of his relatives. The supreme court last year ruled that Mr Cojuangco could vote this bloc, which enabled his group to regain three seats in the 15-member board last October.

Now the Soriano family controls no more than 3 per cent of San Miguel's capital. If Mr Cojuangco's group gains the right to vote the Planters Bank holdings by April 21, the date of the next San Miguel annual meeting, the Soriano family is certain to be voted out.

Spectre of state interference haunts Israel's banking sector

It came as no surprise to anyone in Israel when Mr Gedalia Gal, a little-known MP for the opposition Labour party, was voted the top choice as a parliamentary candidate in the coming general election by Labour-affiliated members of Moshavim collective farms.

However, to the banks which are owed about Shk2bn ($828m) by the chronically-indebted Moshavim, Mr Gal is public enemy number one.

Mr Gal steered legislation through the Knesset early last month enforcing an automatic write-off of 20 per cent of Moshavim debts. These totalled hundreds of millions of shekels which had gone down the banks' bad debt plug hole over the past five years.

Under the "Gal Law", which also covers 21 Kibbutzim, the collectivist cousins of the Moshavim, and even the private sheep farm of Mr Ariel Sharon, the housing minister, many of the 500 Moshavim will be eligible for much more than a 20 per cent debt write-off.

The Bank of Israel quickly instructed the country's five main banks to take in the effect of the new legislation in their 1991 accounts. The initial warning from the central bank that net profits would be all but wiped out proved to be over pessimistic, partly because underlying performance was in most cases an improvement on 1990. But the Gal Law effect was painful.

Bank Leumi, the second largest bank by asset value, was pushed into the red, losing Shk78m. Gal provisions of Shk301m were much to blame.

The others remained in profit: the smallest of the five, First International Bank of Israel (Fibi), and Israeli Discount Bank (IDB), third in size, are not much exposed in the agricultural sector and ahead of 1990, by 48 per cent and 24 per cent respectively.

Gedalia Gal steered legislation through the Knesset enforcing an automatic write-off of 20 per cent of collective farm debts. This made him public enemy number one to the banks, writes **Hugh Carnegy**

United Mizrahi Bank raised net profit by more than three times to Shk32.7m. But this came after a poor 1990, and it would have made more without the Shk98m set aside for the agricultural sector, Shk57m directly attributable to the Gal Law.

Bank Hapoalim, the biggest group, saw its net profit slip by 28 per cent over 1990 to Shk135.7m after farm sector provisions of almost Shk0.5bn. Overall, Fibi led the field in profitability with net return on capital of 8.4 per cent. At Mizrahi, the figure was 5 per cent, while IDB and Hapoalim managed 4.7 per cent and 4.4 per cent respectively.

The banks insist that the loans set aside because of the Gal Law were performing debts. They complained that the law does not discriminate between genuine distress and those farms which are capable of meeting their dues. But there is an argument that in the long term, taking a big hit now has merit if it means the banks put behind them the problem of agricultural debt, which has plagued them since the late 1980s.

Nonetheless, the Gal Law is an ominous development and its timing is particularly bad for the banking sector. This is the year that the government is finally supposed to begin selling off its majority shareholdings that it has held in all but Fibi since it rescued the system from disaster following a share price collapse in 1983.

A preferential share structure left control in the hands of the original owners. But this will change when the government holdings are sold. The government is hoping that the sale process will inject a greater element of competition and attract foreign investment and foreign managerial skills into the local banking scene.

There is a clear concern that the spectre of political interference could put off potential bidders. "The implication [of the Gal Law] is that suddenly the legislature may intervene in the business relationship between two third parties," admits Mr Gil Leidner, head of the government agency responsible for the bank sale process.

He says the law has underscored the need for the government to get out of its albeit arms-length involvement in banking. "The sooner the government sells its holdings the better. If the banks were not owned by the state, I don't believe this legislation would have happened," he says.

Bids close at the end of this month for a majority stake in Mizrahi, controlled by the World Mizrahi religious organisation. A similar process is under way for Bank Igud, a subsidiary of Bank Leumi, and the same is planned for IDB. A public flotation of stakes in Bank Leumi and Bank Hapoalim is planned as a step towards disposal.

The process is an important element in the government's bid to reform the economy and persuade foreigners to invest in and lend to Israel to help it absorb mass immigration from the former Soviet Union.

INTERNATIONAL CAPITAL MARKETS

Nordic markets calmer as state aids markka

By Sara Webb in Stockholm, Tracy Corrigan, Simon London and Richard Waters in London and Karen Zagor in New York

NORDIC government bond markets regained a semblance of calm yesterday after Friday's panic-selling, as the Finnish government averted fears of a devaluation in the Finnish markka and stemmed the heavy outflows of currency from the region.

Finland and Sweden saw sharp increases in short- and long-term interest rates on Friday, and a massive outflow of currency following the resignation of the governor of the Bank of Finland.

However, Finland announced big cuts in government spending at the weekend in an attempt to calm the financial markets and stem fears of a devaluation of the markka.

The Nordic central banks also pledged to to help stabilise the markka at the weekend, while the Bundesbank added its promise of support.

Finland's government bond market witnessed further rises in yields yesterday, although dealers said the increase was held in check by the announcement that the Bank of Finland had reached a swap agreement with the Bundesbank in addition to those reached with the other Nordic central banks at the weekend.

The bank was forced to intervene in order to support the currency during trading yesterday, and the markka firmed slightly against the Ecu compared with Friday's level.

The yield on the government bond due 2001, which carries a coupon of 11 per cent, rose to 11.70 per cent, against Friday's midday fixing level of 11.65 per cent. Short-term interest rates soared as the market opened, with the one-month Helibor rate jumping from Friday's close of 16.76 per cent to a high of 25 per cent on Monday, before falling back to between 18 and 19 per cent by the afternoon.

GOVERNMENT BONDS

■ SWEDEN'S government bond market ended the day higher, as investors gained confidence from Finland's economic package and from the Swedish central bank's resolute defence of the Swedish krona.

The Riksbank, Sweden's central bank, raised the overnight call rate – the rate applicable to bank loans to the Riksbank – to 13 per cent from 11 per cent in an effort to turn the tide of currency flows.

On Friday, SKr22bn swept out of Sweden because of the Finnish crisis, but traders reported a strong inflow of currency yesterday.

"The increase in the interest rate demonstrates the Riksbank's determination to defend the krona's fixed exchange rate" said Mr Bengt Dennis, the governor.

The move prompted strong buying of securities, pushing down yields across the maturity range. The yield on the 10.75 per cent bond due 1997 fell from Friday's close of 10.12 per cent to 9.93 per cent, below the level of 9.99 per cent that it traded at on Thursday, before the crisis.

Likewise, the yield on the 13 per cent issue due June 2001 fell back to 9.53 per cent, against Friday's close of 9.64 per cent and Thursday's level of 9.61 per cent.

However, at the short end of the market, three-month Treasury bills failed to regain their pre-crisis levels, with the yield reaching 12.20 per cent, against 12.45 per cent at Friday's close and 11.75 per cent on Thursday.

■ ITALIAN government bond prices were driven down 0.40 point by political uncertainty, in active trading.

Early results showed a swing away from the ruling four-party coalition, prompting speculation that a new coalition government will have to be formed.

Uncertainty about the political situation also knocked the lira back, prompting the Bank of Italy to support the lira against the D-Mark through intervention.

The BTP Italian government bond future on the London International Financial Futures and Options Exchange was quoted at 97.89 in late trading, down from Friday's 98.31. Trading of the contract starts 35 minutes early today at 7.35am, to allow for further election-generated activity, after record volume of around 30,000 contracts yesterday.

■ GERMAN government bonds rallied about ½ point on news of a wage settlement in the German banking sector. Bund futures on Liffe ended up 0.47 point, at 87.81.

Dealers said the market had been oversold, and support had materialised around the 8 per cent yield level. The poor performance of the Christian Democrats in some regional elections had no apparent impact.

■ FRENCH government bonds tracked the German market, as the French market maintained the positive tone created by the appointment of Mr Pierre Bérégevoy, former finance minister, as prime minister.

The continuation of a firm monetary policy was underlined yesterday, further restoring confidence after last week's poor regional election results for the ruling socialists.

The OAT future on the Matif, the Paris futures exchange, close at 107.96, up 0.40 point.

■ US Treasuries were narrowly mixed in thin, featureless trading. At mid-session, the Treasury's bellwether 30-year bond was $\frac{1}{32}$ lower at 101$\frac{11}{32}$, yielding 7.88 per cent. Shorter-dated maturities were firmer in morning trading, with the three-year note adding ⅛ to yield 5.8 per cent.

The Federal Reserve abstained from operating in the open market. Fed funds were trading at 3$\frac{15}{16}$ per cent during the Fed's usual intervention period.

In the absence of any significant economic news, the bond market continued to take heart from Friday's employment report. The market interpreted Friday's release of a slim, 19,000 increase in non-farm payrolls for March as evidence of a slight recovery.

The strength at the short end of the yield curve was inspired by growing hopes that a weak economic recovery will prevent the Fed from tightening monetary policy in the short term.

■ UK GOVERNMENT bonds traded lower as the weakness of sterling within the European exchange rate mechanism raised fears of a post-election devaluation of the UK currency.

The Portuguese central bank bought sterling against the escudo on the first day of trading for the Portuguese currency within the ERM. This increased fears that the arrival of the strong Portuguese currency in the system will increase pressure on sterling, which remains pinned at the bottom of the ERM grid.

The gilt futures contract on Liffe fell to 93.04 during the morning session, having opened at 93.15. However, during the afternoon the nerve of the market steadied and the contract recovered to close at 93.14. Volume was a healthy 27,000 contracts.

In the cash market, the benchmark 9 per cent gilt maturing 2011 closed down just $\frac{1}{32}$ of a point on the day at 94.00, for a yield of 9.68 per cent.

■ AFTER last week's collapse in Japanese government bond prices, heavy official intervention to buy bonds helped to prop up the market.

In the early afternoon in Tokyo, the Ministry of Finance offered to buy Y100bn worth of 10-year bonds, using its National Consolidation Fund – a "sinking" fund set up to repay government debt when it falls due. It was the first time the fund had been used since the summer of 1990, when the yield on 10-year bonds stood at over 8.5 per cent.

The market responded well. Prices climbed, pushing the yield on the benchmark bond No 129 down to 5.58 per cent; it had closed on Friday at 5.64 per cent.

The Portuguese capital market offered mixed reaction yesterday to the escudo's entry into the exchange rate mechanism of the European Monetary System (EMS) at the weekend, and the subsequent announcement of a cut in the central bank's main interest rates, writes Patrick Blum in Lisbon.

Prices for government securities rose slightly, but not as much as had been expected, as many investors had anticipated a decline in interest rates. The escudo's entry into the ERM was generally seen as a positive step, encouraging demand for Portuguese-denominated securities. Prices rose slightly, but domestic buyers remained more cautious.

"There hasn't been a big rush to buy now. People are waiting to see what happens with tomorrow's auction of FIPs [government floating-rate notes]," said Mr Luis Nogueira, an analyst with merchant bank Finantia.

The issue, for Es15bn with an eight-year maturity and a coupon of 18.6875 per cent, is expected to sell at around 107 per cent.

Mr Nogueira said the formal link-up of the escudo in the ERM would make Portuguese securities more attractive. "Investors can be more confident about the escudo and how it will behave in the future," he said.

Prices and yields for FIPs remained stable, with more noticeable changes for fixed-rate notes, whose prices rose between 1.1 and 2.4 percentage points and yields by 0.5 to 0.75 percentage points.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	101.6306	+0.327	9.75	9.85	10.09
BELGIUM		9.000	06/01	101.3000	+0.500	8.78	8.89	8.69
CANADA *		8.500	04/02	98.2000	+0.200	8.77	8.73	8.83
DENMARK		9.000	11/00	100.9000	+0.430	8.83	8.86	8.61
FRANCE	BTAN	8.500	03/97	98.6021	+0.191	8.85	9.00	8.75
	OAT	8.500	11/02	99.0000	+0.350	8.63	8.70	8.52
GERMANY		8.000	01/02	100.3800	+0.440	7.93	8.00	7.91
ITALY		12.000	02/02	97.8100	-0.270	12.38†	12.42	12.15
JAPAN	No 119	4.800	06/99	94.5825	+0.436	5.88	5.55	5.78
	No 129	6.400	03/00	104.5182	+0.600	5.58	5.28	5.41
NETHERLANDS		8.250	02/02	99.5400	+0.380	8.31	8.40	8.28
SPAIN		11.300	01/02	102.0000	+0.400	10.93	10.94	10.57
UK GILTS		10.000	11/96	98-37	+3/32	10.32	10.11	9.65
		9.750	06/02	98-16	+0/32	9.98	9.85	9.55
		9.000	10/08	94-25	-1/32	9.71	9.61	9.35
US TREASURY *		7.500	11/01	100-24	+2/32	7.39	7.54	7.53
		8.000	11/21	101-13	-1/32	7.88	7.96	7.97

London closing, *denotes New York morning session. Yields: Local market standard
† Gross (including witholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Flurry of dollar activity fails to excite investors

By Simon London

THE international bond market sprung to life yesterday. However, the clutch of new issues launched in US, Canadian and Australian dollars met an unenthusiastic response from investors still unsure whether to commit funds.

The most ambitious offer of the day came from Export Development Corporation of Canada, which launched a $400m 10-year deal, lead-managed by Credit Suisse First Boston.

The 7¾ per cent paper was priced to yield 27 basis points more than US government bonds, considered slightly aggressive in a market which has seen lacklustre demand for dollar-denominated bonds.

INTERNATIONAL BONDS

The lead manager said US employment statistics released on Friday had improved the tone of both the Eurodollar and US Treasury bond market. It reported steady buying from institutional investors in east Asia and European retail investors.

However, while the borrower is a popular and relatively rare visitor to the Euromarket, the deal elicited a mixed response. The lead manager quoted the bonds at a yield spread of 27 basis points during the day.

A contrasting dollar issue came from Ericsson, the Swedish telecommunications company, which launched a $150m five-year deal, also lead-managed by CSFB. The 7¾ per cent bonds were priced to yield 90 basis points more than Treasuries, in line with the yield spread available on other recent issues by corporations of single-A credit quality.

However, again the pricing was seen by participants as too tight in difficult market conditions. The deal was held at the fixed re-offer price until the close of trading.

The Province of British Columbia tested demand for Canadian dollars with a C$300m five-year issue, lead-managed by Swiss Bank Corporation. The 9¼ per cent bonds were priced to yield 54 basis points more than the benchmark five-year Canadian government bond.

The pricing was seen as generous by syndicate officials, although some commented that – like the EDC deal – the issue was too large to be easily absorbed. While some reported switching by continental European investors out of D-Mark paper and into higher-yielding Canadian dollar bonds, demand is largely restricted to investors re-investing the proceeds of maturing bond issues. Around C$1.5bn in bonds mature this month, and C$2bn in May.

From a fixed re-offer price of 99.86, the bonds traded down to 99.75 bid by late afternoon, while Canadian government bonds were little changed. The yield spread widened to around 57 basis points.

Canadian National Railways, the state-owned, but not government-guaranteed, rail company, launched a retail-targeted C$150m seven-year deal lead-managed by ScotiaMcleod. The bonds, priced to yield 70 basis points more than the benchmark 9½ per cent Canadian government bond maturing 1998, saw some buying from retail investors but generated little enthusiasm. The deal was held at the fixed re-offer price of 99.42 throughout the day.

Commonwealth Bank of Australia came with a A$100m offering of 9¾ per cent bond maturing 1996 and priced to yield 50 basis points more than Australian government bonds. From an issue price of 101.75, the deal, lead-managed by CBA itself, traded at less 1.62 bid, inside full fees of 1.75 per cent.

IBCA, the European credit rating agency, has lowered its ratings for nine Japanese banks previously placed on rating watch, Reuter reports from New York.

IBCA blamed the current weakness in the Tokyo stock market for its decision, along with the trend in the Japanese real estate markets and the state of the economy.

The ratings changes affect Tokai Bank, Bank of Tokyo, Hokkaido Takushoku Bank, Nippon Credit Bank, Mitsubishi Trust & Banking, Sumitomo Trust & Banking, Mitsui Trust & Banking, Yasuda Trust & Banking, Toyo Trust & Banking.

IBCA said the weakness in the Tokyo stock market threatened to undermine the recent improvement in the operating profits of Japanese banks.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Export Dev. Corp(a)†	400	7.75	99.665	2002	32.5/12.5bp	CSFB
Telefon L.M.Ericsson(a)†	150	7.75	99.95	1997	1.875/1.625	CSFB
Comp.Vale do Rio Doce(b)†	150	9	99.871	1995	1/0.75	Chase Inv. Bank
CANADIAN DOLLARS						
Prov.of Brit.Colombia(a)†	300	9.25	101.485	1997	1.875/1.25	Swiss Bank Corp.
Canadian Nat. Railways(a)†	150	9.625	100.945	1999	1.875/1.525	Scotiamcleod Inc.
AUSTRALIAN DOLLARS						
Com. Bk of Aust.(a)†	100	9.75	101.75	1996	1.75/1.25	CBA
State Bk of S.Aust.(c)†	25	10	100.375	1998	(c)	Hambros Bk
D-MARKS						
Deut.Fin. Netherlands(d)†	500	8.125	102.30	2002	2.5/1.5	Deutsche Bank

**Private placement. §Convertible. ¢With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon payable semi-annually. Non-callable. c) Fungible with existing A$200m deal 40 days after the 06/05/92 payment date. Fees undisclosed. d) Subordinated issue. Non-callable.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:05 pm on April 6

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	26	32	22
Other Fixed Interest	3	1	13
Commercial, Industrial	265	289	912
Financial & Property	133	121	538
Oil & Gas	16	8	64
Plantations	0	0	9
Mines	18	35	94
Others	26	56	62
Totals	487	542	1,714

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings March 30
- Last Dealings April 10
- Last Declarations July 9
- For settlement July 20

3-month call rate indications are shown on this page.

Calls in: Alphameric, ASDA, Amstrad, Berisford, Clayform, Clinton Cards, Hanson, Lonrho, Medeva, Premier and Speyhawk. Put in: Bluebird Toys.

LONDON TRADED OPTIONS

[illegible]

Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	37	Ladbroke	17	Sears	8	■ OILS	
Allied-Lyons	49	Comm Union	32	Legal & Gen	27	SmKl Bchm A	65	Aviva Pet	30
Amstrad	5½	Courtaulds	39	Lex Service	16	TI	48	BP	21
Astec (BSR)	3	Eurotunnel	34	Lloyds Bank	29	TSB	9½	Burmah Castrol	38
BAT Inds	50	FKI	5½	Lonhro	15	Tesco	19	Conroy Pet	8
BOC	49	FNFC	8	Lucas Inds	10½	Thorn EMI	56	Gaelic Res	½
BTR	32	Forte	18	Marks Spencer	24	T & N	11½	Premier Cons	2½
Barclays	30	GKN	28	Midland Bank	19	Unilever	70	Shell	33
Blue Circle	20	Gen Accident	31	NatWest Bank	23	Vickers	12	Tuskar Res	½
Boots	33	GEC	15	P & O Dfd	30	Wellcome	72	■ MINES	
Bowater	58	Glaxo	59	Racal Elect	5	■ PROPERTY		RTZ	42
Brit Aerospace	30	Grand Met	70	RHM	16	Brit Land	18		
British Steel	6	GRE	10	Rank Org	52	Land Sec.	32		
Brit Telecom	24	Hanson	16	Ratners	3	MEPC	26		
Cadburys	33	ICI	90	Reed Intl	39	Mountleigh	1½		

Profits of £2.7m before substantial exceptional charges

Laura Ashley recovery under way

By Maggie Urry

LAURA ASHLEY, the international retail group which has suffered losses since late 1989, yesterday claimed to be on the road to recovery with a £9.4m turnround to profits of £2.7m before tax and exceptional items in the year to January 25.

Mr Jim Maxmin, the chief executive who joined the group last July, said he was "very pleased with the results" which were indicative of the progress management was making. The shares were unchanged at 93p.

Mr Andrew Higginson, finance director, said that after two "traumatic years" the group was now demonstrating a number of positive trends, although it was too early to talk of a "total fix".

Borrowings had fallen from a peak of £103m in March 1990 to £4.4m at the year end, helped by the £45m injection from the Japanese Aeon group.

He said that Laura Ashley had instituted a policy of managing for margin not sales. Gross margins had risen, especially in the second half, he said, as the group cut production costs and refused to chase sales by cutting prices. Overheads had been reduced.

At the operating profit level the group made £750,000 in the second half compared to £383,000 in the first half and a £3.1m loss in the second half of 1990-91.

Mr Higginson said that current trading showed a continuation of trends with the US still a problem. UK sales flat but gross margins up again, and European sales up 13 per cent with profits ahead 14 per cent.

Sales fell to £260.7m against £327.5m or a pro forma £289.2m if disposals and the change of the Revman subsidiary to an associate are excluded. Operating expenses were down to £140m (£160.4m or £148.9m) and operating profits were £1.1m (£5.3m or £2.7m).

Associates and royalties contributed £3.9m (£400,000 or £2m pro forma) giving pre-interest profit of £5m (£5.7m or £4.7m). Interest charges fell £10.1m to £2.3m.

However, there were exceptional items of £11.8m (£4.8m) leaving a £9.1m (£11.5m) loss before tax. Exceptionals covered £3.4m costs involved in setting up a new distribution agreement with Federal Express, a £1.1m rationalisation in the North American head office, £4.7m of other restructuring costs and £2.6m of stock write-downs. Mr Maxmin said there would be no exceptional items in the current year.

Trevor Humphries

Jim Maxmin: no exceptional items in current year

Mr Higginson said that careful tax planning had meant negligible tax was payable and the tax charge would be well below UK corporation tax rates for a couple of years.

Losses per share were 3.9p (4.4p) and a 0.1p token dividend is paid to retain trustee status; the Ashley family and directors would waive their dividends.

● COMMENT

It is hard to believe now that Laura Ashley made a pre-tax profit of £23.1m in its peak year, 1987-88. It will be some time before that level is seen again. Mr Maxmin appears to be doing all the right things, and there are some easy initial targets. A £9m cut in overheads in a year and a fall in stocks from £105m to £57m in two years with another £25m to come is an indication of just how fat and inefficient the group had become. But once those things are sorted out one must wonder how much money can be made from an international brand which may be strong but is definitely niche. Meanwhile, on current year forecasts of £7.5m to £8m pretax the shares look ludicrously overpriced on a prospective p/e of about 35 on a sub-normal tax charge. But with Aeon holding 15 per cent the downside is limited.

Psion veers sharply to losses of £2.2m

By Alan Cane

PSION, the maker of hand-held computers, last year lost £2.2m before tax compared with a profit of £546,000 in 1990. Sales fell 32 per cent, from £31.4m to £21.3m.

Analysts had been predicting losses of between £100,000 and £1m, but they believed the company was now through the worst and its shares were marked up 19p to 135p on the news.

The company was hit by a combination of the recession, which depressed demand in corporate markets, and a turn of the product cycle so new products to replace its ageing Organiser electronic notebook did not come on stream until the end of the year.

The figures took account of £770,000 exceptional provisions; £270,000 as the result of a product-for-media-space barter with Mediators of the US which has since moved into Chapter 11 of the US bankruptcy code, and £500,000 against slow moving inventory, chiefly Psion's unsuccessful laptop computer line.

Net borrowings totalled £1.6m, giving gearing of 28 per cent. Losses per share were 8.13p (earnings of 1.19p). A recommended final dividend of 1.4p maintains the total at 2.4p.

Mr David Potter, founder and chairman, said sales of new products had taken off since the beginning of the current year, and the company was now trading profitably and at record levels.

Production and shipments of the Series 3 pocket computer had increased from 4,000 units in January this year to 14,000 in March.

Mr Potter pointed out that the company adopted conservative accounting policies, writing off development costs as incurred which did not flatter the balance sheet. Over four years, some £5.2m has been invested in computer families.

● COMMENT

Problems at the datacommunications subsidiary, an earlier source of profits decline, seem to have been solved. The company now has three product families, all based on the same technology – the original Organiser, still finding corporate uses as a data capture device, the Series 3 pocket computer, and the HC hand held computer. Later this year, a version of the HC featuring radio communications will be launched in the US and the UK. There seems to be powerful demand for portable computers of this kind which is encouraging the City to take a positive view of the company's recovery. Costs have been cut and new and advanced production facilities established. Analysts are looking for pre-tax profits of £3.5m this year, giving earnings per share of 10.6p and a prospective p/e of 12.3. Psion's strength remains the quality of its management and its products, and it should fulfil expectations.

Convenience stores behind 10.7% rise to £13.4m at T&S

By Angus Foster

T&S STORES yesterday announced a 10.7 per cent increase to £13.4m in pre-tax profits for the year to December 31 as depressed profits from Supercigs, the tobacco retailing subsidiary, were more than offset by growth from its expanding convenience store network. Profits from property disposals amounted to £550,000.

Mr Kevin Threlfall, chairman, said he was "delighted" with the results since, he estimated, "footfall" or throughput on Britain's high streets fell by some 8 per cent from the previous year.

T&S, which operates 583 tobacco, newsagent and convenience stores in the UK, said the slump in consumer spending forced the company to cut cigarette prices at Supercigs, where operating profits fell 1.9 per cent to £3.85m.

But convenience stores, which became a priority after the 1989 purchase of Dillons and Preedy from Next, increased sales by 63 per cent to £52.1m and lifted operating profits 95 per cent to £3.15m.

The number of stores almost doubled to 86 and margins were lifted by central distribution and expanded purchasing power.

The group's 285 confectionery, tobacco and newsagent stores (or CTNs) lifted operating profits nearly 20 per cent even though sales were ahead only 2.6 per cent. During the year the company's Fantasia "pick 'n mix" confectionery line was introduced to roughly one in five CTNs.

Group turnover increased 11 per cent to £314.2m (£283.1m). Earnings improved 14.9 per cent to 15.71p (13.67p), helped by a lower tax charge. The directors are recommending a final dividend of 3.25p to make a total dividend of 5.5p, a 10 per cent increase.

● COMMENT

T&S's shares have suffered of late, falling from 220p two weeks ago to 193p yesterday, a 6p fall on the day in spite of results slightly ahead of expectations. The gloom probably stems from fears about the company's minimum wage, which at £3.08 is well below Labour's pledge of £3.40. Any forced upwards revision would be damaging to T&S's low margin businesses, and could only be mitigated by sharply improved productivity, a question the company is already trying to address. Longer term, growth will have to come from convenience stores and Mr Threlfall is sticking to his plan to increase the number of these outlets to 250 in the next couple of years. While the strategy appears sound, achieving that level of growth will probably require another sizeable acquisition. Forecast profits of £14m give about 12 times earnings. After rising 52 per cent last year, the shares may need to consolidate further.

Chelsea offers Cabra up to £13m for Bridge owner

By Jane Fuller

CHELSEA Football Club has not given up its fight to stay at Stamford Bridge, even though the deadline for paying £22.85m to buy the west London ground is only two days away.

It is understood that negotiations have been going on which could involve Chelsea offering Cabra Estates, the heavily-indebted property company, up to £13m for the subsidiary that owns Stamford Bridge.

Cabra has an 83.5 per cent stake in SB Property, which owns the near 12-acre ground. If SB's net assets are £30m, that stake would be worth about £25m.

Chelsea's argument would run that amounts should be deducted from that £25m for a loan from SB to Cabra and for the stake that SB has in Vincenza, owner of Fulham FC's ground at Craven Cottage.

The amount left for Chelsea to hand over in cash to Cabra could be £10m to £13m, although no information is forthcoming on where that money might come from.

It has been described by Chelsea's connections as "an elegant solution". It would reduce Cabra's debts of about £52m, clear the way for Fulham FC to move to Stamford Bridge and end outstanding litigation.

But Mr John Duggan, chairman of Cabra, said yesterday it had received no offer. The two merchant banks – NM Rothschild for Cabra and MacArthur for Chelsea – had been in touch, but no direct negotiations were taking place.

Mr Duggan, who returns today from a skiing holiday in Colorado, insisted that Stamford Bridge would be worth more than £22.85m with vacant possession.

That figure, demanded of Chelsea, arises from a contract that has been confirmed by the High Court and the Court of Appeal.

The issue is complicated by the recent purchase of a 29.6 per cent stake in Cabra by Mr Ken Bates, Chelsea's chairman.

His £3m investment, through a company called Vanbrugh, has enabled him to call for an extraordinary general meeting, which would be held by mid-May.

One of the EGM proposals is to oust Mr Duggan as chairman and Mr Andrew Mackay, the Conservative MP for East Berkshire, as a non-executive director.

Crest Homes bullish about house sales

There was some good news for the property market yesterday with the announcement from Crest Homes, the housebuilding arm of Crest Nicholson, that house sales were showing a 10 per cent improvement on the previous year.

The increase was offset by the news that house prices were depressed on last year, although Mr Nigel Davies, marketing director, said they had stabilised since the beginning of 1992.

Mr John Calcutt, chairman, said at the announcement of the group's results in February that Crest had cut house prices last year to increase sales.

Mr Davies said the group had sold 200 homes, which could not be occupied until June. This was higher than the level of the previous year, he said.

Crest, which operates in the south Midlands, the south-west and the south, said sales were higher in all regions. The bulk of homes were sold at the bottom to middle price range, between £55,000 and £75,000.

The company said it expected to complete about 1,500 new homes this year.

Stepping in where others fear to tread

David Barchard considers National Australia's growth in the UK

FIVE YEARS ago, while the large French and German banks were hesitantly eyeing the UK retail banking market for opportunities, a relatively little known outsider from the other side of the world, National Australia Bank, unexpectedly bought Clydesdale and Northern Bank from Midland and became the first large foreign entrant into the UK retail banking market.

Since then, barring a few mortgage operations, the large European banks have stayed outside UK retail banking.

Meanwhile, National Australia has established a strong group of regional banks in the UK and Ireland, including National Irish Bank and since April 1990, Yorkshire, the largest regional and one of the stars of the British retail banking scene. It has spent a total of £1.5bn on the four banks.

In return it has got an impressive cluster of regional banking subsidiaries. Yorkshire has 261 branches and assets of £4.4bn with a 24 per cent market share in the Yorkshire Humberside region.

Clydesdale has assets of £5.1bn and 346 branches and a 22 per cent share in Scotland; Northern has assets of £2bn and 100 branches with a 34 per cent market share in Northern Ireland and nearly 50 per cent of the commercial banking in the province.

National Irish Bank, a smaller Dublin-based bank, has £800m in assets and 52 branches, 5 per cent of its national market.

National Australia has kept a low profile and many of its UK customers may never have heard its name, but it is now the only well-established outside presence in high street banking in the UK. And in a time of market turbulence, so far none of its purchases has gone wrong.

"Our group performance is already superior to that of most of the banks in the UK," says Mr Alan Diplock, chief general manager, Australian Bank, who headed the UK operations until recently.

Breaking into UK retail banking was a fateful step for a retail bank on the other side of the world which had previously only had representative offices in south east Asia and the US.

National Australia ranks as Australia's third largest bank with group assets of A$92.5bn (£41bn) of which A$64.6bn are in Australia. Judged by market capitalisation, it is the second largest bank.

A strong retail bank with a dominant position at home, it is in search of larger markets outside its homeland, with its sights on opportunities in regional retail banking. The choice was between the US and the UK. The latter was selected mainly because opportunities arose at the right time.

Instead of trying to forge a new UK bank under its own name, National Australia has kept its subsidiaries as separately branded units with a strong regional flavour. At the same time it has tried to develop pooled back office functions, such as computer systems, product development, marketing, and credit policy.

The only serious snags so far seem to have come at Clydesdale where £5m of new cash had to be injected to improve computer systems and procedures, along with £50m in retained earnings.

However, the processing and administration are an opportunity to cut costs by centralising operations. National Australia has built a new processing and information technology centre at Clydebank and is slowly converting it from NCR to IBM.

The centre will eventually service all the group's UK retail banking operations and develop systems for possible use by the group across the world.

Yorkshire Bank, previously owned by four of the big clearers, was by far the most expensive acquisition at £976.5m cash, three times its net asset value. The high price raised some eyebrows.

"We had already banks in Northern Ireland and Scotland, and we wanted one in England. It was more of the jigsaw and we had to pay to get it. It would have been quite different if we had paid £1bn for Yorkshire as a stand-alone operation."

Mr Max Bray, who took over as UK general manager early this year, may find his time is spent consolidating operations rather than planning fresh purchases. But another acquisition cannot be ruled out.

Certainly National Australia has the cash. Early in 1990 it raised A$1bn in a rights issue mainly for expansion.

"We are in an acquisitive mode at the moment," said Mr Diplock. He added that all suitable opportunities in the UK would be considered. At the moment Yorkshire is expanding its branch network southwards at the rate of six new branches a year.

At that rate, National Australia would take quite a while to achieve its goal of branch coverage of the entire UK. The other options are to buy a building society and incorporate its branch network or to 'cold-start' more new branches.

Mr Diplock does not rule buying a building society but points out that its attractiveness remains to be seen. It would be uncharted territory involving persuading its members to vote for its demutualisation along the way and retraining its staff.

He also pointed out: "It is also impossible to know what premium you would have to pay when a building society came on the market."

Kingspan shows decline

Kingspan Group, an Irish based and USM-traded maker of steelwork for buildings and metal doors and windows, reported a decline in pre-tax profit from I£3.6m to I£2.6m (£2.44m), in 1991.

The final dividend is 1.2p for a same-again total of 2.2p, although earnings per share declined from 11.7p to 7.5p.

At the halfway mark the profit drop was 12 per cent, but directors said there was no reason to believe the UK market had bottomed out and warned that margins could be expected to remain under pressure.

Cooper Clarke back in the black

In the eight months to December 31 – its new financial year-end – Cooper Clarke Group made pre-tax profits of £126,000 on sales of £13.2m.

For the previous full year there were losses of £274,000 from sales of £20.8m.

Interest payable came to £90,000 (£299,000). Earnings per share were 0.8p (losses 2.01p). There is no dividend.

The group, which supplies building materials, suffered from the recession particularly in the construction industry.

Assets disposals, together with the rights issue, helped cut gearing to 20 per cent. The bad debt charge was held at 1.4 per cent of turnover even with the large single debt from Turriff Construction of £120,000.

Mr Nicholas Jeffrey, chairman, is to leave the board after the annual meeting.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Ashley (Laura) ....fin	0.1‡	June 8	0.1	0.1	0.1
Chepstow Race ....fin	1	-	1	1	1
Cooper Clarke § ....fin	nil	-	nil	nil	0.5
Dewhirst ....fin	0.43†	July 1	0.35	0.72	0.64
Fortnum & Mason ....int	86☆	June 30	84	-	90
Highland Dist ....int	1.45†	June 1	1.38	-	5.52
Psion § ....fin	1.4	May 29	1.4	2.4	2.4
Quarto ....fin	3.6375	June 5	3.375	5.25	4.875
Severf'd-Reeve §......fin	nil	-	2	1	3
T&S Stores ....fin	3.25	May 29	3	5.5	5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Ashley family and directors again waive entitlement. ☆Second interim; makes 96p to date for 76 weeks to July 11.

NEWS DIGEST

Severfield-Reeve dives to £0.53m

SEVERFIELD-REEVE, the USM-quoted structural steelwork group, reported a sharp decline in annual profits as the recession placed further pressure on tender prices. The final dividend is omitted.

Nevertheless, Mr John Reeve, chairman, described the pre-tax outcome for 1991 – £530,000 compared with £1.86m – as a "significant achievement when measured against the performance of the sector."

The result would have been better, he said, but for a bad debt charge of £200,000 which was taken above the line. "We maintain a cautious approach when tendering for contracts and this has enabled us to avoid any bad debts in the current year."

Gearing at the year-end rose to 51 per cent, up six percentage points from the half-year statement. Interest payments of £371,000 (£412,000) were covered 3 times by operating profits of £1.1m. Both were adversely affected by the exceptional charge, Mr Reeve stressed.

He also attacked current pricing levels: "The sector cannot sustain the present idiotic level of pricing which has come about by panic tendering." He expected a further reduction in overall capacity to correct over supply.

Turnover dipped some 20 per cent to £16.9m and margins at the operating level slumped from 11.5 per cent to 6.5 per cent.

After tax and £12,000 minorities, earnings emerged at 4.2p (11.9p) per share. The final dividend is passed, leaving just the interim of 1p for the year (3p).

Quarto at £4.1m in year of consolidation

Quarto Group reported pre-tax profits slightly higher at £4.09m, against £4.06m, for 1991. Mr Laurence Orbach, chairman, said it had been a year of consolidation in difficult economic conditions.

Turnover for this US-registered publishing, marketing support and production services group fell from £39m to £35m reflecting the closure of the magazine division in 1990. Mr Orbach said the move had led to improved operating margins.

Earnings per share came out at 18p (17.9p) from which the board is proposing to increase the final dividend to 3.6375p for a total of 5.25p (4.875p).

Aviva swings sharply to losses of $8.72m

Aviva Petroleum, the Texas-based but London-quoted oil and gas company, swung sharply from profits of $739,061 to pre-tax losses of $8.72m (£5.06m) in the year to December 31.

In January the company appointed as deputy chairman Mr Graham Ferguson Lacey, the evangelical preacher who heads Gulf Resources Chemical Corporation, the group that recently bought Land's End and John O'Groats.

The losses were blamed on the Florida dry hole, revenues down to $9.32m ($12.3m) and substantially lower gas prices.

Operating losses totalled $6.91m ($2.68m) after dry holes and abandonments took more at $2.99m ($165,336).

Below that, interest took $557,760 (gain $3.21m) and the foreign exchange deficit was $149,892 (credit $2.1m).

Losses per share grew to 1.67 cents (earnings 0.1 cents).

The Canadian debt has been paid off and current debt amounts to $3.9m, down from $24.8m at the 1990 year-end.

In February, Aviva shareholders approved a 1-for-50 consolidation in order to gain a Nasdaq listing in the US.

BAA steps up hotel divestment

BAA yesterday moved a step further towards divesting itself of its hotel interests when it granted Forte a 50-year lease to manage its Gatwick Sterling hotel.

The British airports group has already sold hotels in Gent and Amsterdam and wants to award management contracts over its two remaining hotels – the Heathrow Sterling and the Harlequin at Stansted.

BAA said the 474-room Gatwick hotel, linked to the airport's north terminal, will be known as the Forte Crest, Gatwick. Its 134 staff will continue to be employed by Forte.

Forte is not thought to be interested in taking over the remaining two hotels.

Slimma helps Dewhirst improve 37% to £4.1m

By Daniel Green

DEWHIRST GROUP, the clothing and toiletries company, yesterday reported a 37 per cent improvement in pre-tax profits, from £3.02m to £4.13m, for the year to January 17.

The increase was helped by the acquisition last year of the Slimma womenswear business and the recovery from a poor group performance in 1990.

The company, which sells 82 per cent of its production to Marks and Spencer, reported its first improvement in profit margins since the early 1980s. "At 3.6 per cent, we are starting now to go the right way, and this was achieved despite worsening trading," said Mr Scott Beattie, finance director.

He said the recovery had come largely because the heavy cost-cutting and closures of the previous year had "done their duty".

Turnover recorded a small recovery to £130.5m (£121.6m) and the proposed final dividend of 0.43p was a 23 per cent improvement on last time and makes a total of 0.72p (0.64p) for the year.

This should be set against the halving of the dividend in 1990, the first time it had been cut in the company's 72-year history as a quoted concern.

The company was positive on current trading. "Sales for the first 10 weeks are ahead of the equivalent period last year," it said. The shares firmed ½p to 28p.

The acquisition of Slimma from Coats Viyella last September had been slightly earnings enhancing, said Mr Tim Dewhirst, chief executive. The company had made a £7.7m rights issue at 26p a share to pay for Slimma, and the broader shareholder base limited earnings per share to 2.71p (2.14p).

The company was cash generative and ended the year with £3.8m (£2.8m) net cash. Net interest payable fell to £711,000 (£920,000).

In July, Dewhirst made an abortive takeover attempt for Kingsgrange, the toiletries supplier.

It cost £240,000 and was expressed as an extraordinary item, much less than the previous year's £1.85m in closure charges.

● COMMENT

Dewhirst has not been among the star performers in the textiles sector for many years. Yesterday's results hold out a glimmer of hope that the good times might return in the form of a strong balance sheet and the progress of the Slimma acquisition. Slimma has done Dewhirst a power of good in the shape of new management blood, a reduction in the company's dependence on the depressed menswear market and yet closer ties with Marks and Spencer. This should help profits continue their recovery in the current year, perhaps as far as £6m. The stock is on a prospective multiple of 9.3, a tempting discount to the market of about 20 per cent. The company imports only about 16 per cent of its clothes and has the option of increasing this to boost margins. If Dewhirst stays in M and S' good books, and shoppers remain loyal to the retailer, the shares look good value.

Diploma takes over Anachem for £10.4m

By Peggy Hollinger

DIPLOMA, the electronics, engineering and building components distributor, is moving into the biomedical market with the £10.4m purchase of a 90 per cent stake in Anachem, a distributor of liquid chemical analysis systems.

Mr Christopher Thomas, chairman, said yesterday that Anachem would fit into Diploma's distribution philosophy, "where the provision of high performance service is dependent on commited quality management and staff".

Diploma will dip into its cash pile of £26.7m – as reported at the September 30 1991 year end – to pay for the acquisition.

A further payment of at least £1.3m could be due after three years to Anachem's managing director for the outstanding 10 per cent.

Anachem distributes liquid chromotography systems – chemical methods of analysing mixtures by passing the liquid along absorbant materials such as chalk or paper. The liquid mixture will then separate as it seeps through.

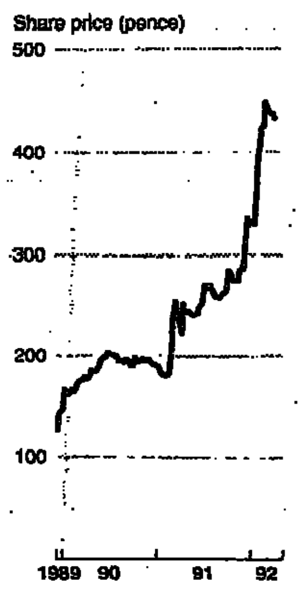
The company's main customers are pharmaceutical and biotechnology manufacturers, and research institutions.

Anachem reported profits of £2.2m for the year to September 30 on sales of £11.8m. Net assets stood at £5.1m. Unpublished accounts for the six months to March 31 showed a 5 per cent rise in sales on the same period last year, and profits "at least as high". Anachem has £2.5m in cash.

Sage – the getting of wisdom in the US

Alan Cane on the risks and rewards behind the DacEasy purchase

David Goldman: at $24m, DacEasy is a bargain



Source: Datastream

NEATLY BOXED and sharply priced software from DacEasy, a Dallas-based pioneer in low-cost accounting packages, is once again jostling for attention on the well-stocked shelves of US computer superstores.

But the company's most distinctive feature is invisible to the thronging customers. DacEasy, a quintessentially entrepreneurial US company, is owned by a UK software house, the Sage Group of Newcastle, which bought it at the beginning of last year for an initial $18m (£10.4m).

The sale was prompted by the insolvency of Insilco, DacEasy's former parent, an embarrassment compounded by software development delays at DacEasy which forced it to take its most important product off the market for some months.

Now that the US company is up and running again, some questions remain, for Sage has to decide whether DacEasy was a good buy and whether it can make a success of managing it.

The history of British software and computing services in the US leaves few reasons for optimism over the latter question. While US-packaged software suppliers, such as Microsoft, Lotus and Borland, dominate the European market, the US has proved a graveyard for UK computing services companies. Logica's recent results, for example, have been depressed by losses at Data Architects, its US acquisition. An exception is Micro Focus, which offers software aids to writing programs in Cobol, the computer language, which dominate its sector of the US market.

Sage and DacEasy are strikingly similar. Both claim to be pioneers in cutting the price of personal computer accounting software for small businesses. Sterling, Sage's principal product, was launched at £375 in the early 1980s when its main competition was selling for more than £1,000.

DacEasy's Accounting was launched in 1985 at about $50. At the time, conventional minicomputer accounting suites from companies such as Peachtree, DacEasy's chief competitor, sold for $5,000.

Sage and DacEasy both convert one-time software sales into recurrent revenues by a combination of regular software upgrades and sales of computer stationery. They charge separately for support and are both marketing, rather than technology, led.

Sage used to spend up to 40 per cent of its budget on advertising; now it spends 12 per cent, three times its research and development bill.

Established in 1980, Sage went public in 1989 and has a solid record of growth in sales and profits.

Last year its revenues were boosted more than 50 per cent by the DacEasy acquisition to reach £20m, with pre-tax profits of £6.6m, up from £4.7m. This was against a background of a decline of up to a third in the market for packaged accounting software.

This year, analysts are suggesting pre-tax profits of £8.3m. Since 1986, the company's operating margin has never dropped below 29 per cent.

Its Sterling package has 74 per cent of the UK market for integrated accounting packages. Including Sovereign, a more sophisticated modular package, it has a 43 per cent share of the overall small business accounting market.

Sage's UK profitability has not been repeated overseas, however. MainLan, its US company, established to exploit low-cost networking systems for small businesses, contributes some 7.6 per cent to group sales but lost £357,000 last year through a tough trading environment and a disadvantageous exchange rate.

The purchase of DacEasy was, for Sage, pure opportunism. Established in 1983, the US company recorded software sales of $3.7m in its first year, mostly due to low pricing. It was sold in 1987 for $18m together with a sales royalty arrangement to Insilco, a large US conglomerate which was itself the subject of a leveraged buy-out in 1988.

By 1990, burdened with debt, Insilco filed for bankruptcy and put DacEasy up for sale.

There were a number of suitors, including Sage and a management group lead by Mr Kevin Howe, the chief executive, a former Insilco executive. Insilco wanted its $18m back and was prepared to give Mr Howe latitude about where DacEasy should be placed. Careful of the debt implications of a leveraged buy-out, he settled for Sage.

Both Mr Howe and Mr David Goldman, Sage's chairman, think DacEasy was a bargain. The total price Sage will pay, inclusive of the final stages of the royalty arrangement, will be $24m. It is a large sum for a company, with pre-DacEasy revenues of only £13.4m. Some £6m was accrued from a rights issue, £3.5m from the group's own cash resources and the rest will be paid out of operating income. Until the end of the royalty agreement this year, DacEasy is essentially cash neutral.

Mr Howe believes that without the uncertainty caused by Insilco's insolvency and the software delays, the company would be turning over $100m a year rather than the $17m recorded in 1991.

By dollar value it has about 35 per cent of the US market for the simplest level of professional accounting software, roughly the same as Peachtree.

There seems to be powerful synergies with Sage. The two companies are working to develop a US version of Sage's Sovereign accounting system to be called Flagship. DacEasy's distribution expertise, moreover, could give a boost to MainLan.

Sage would seem to have bought a company with considerable recovery potential. Indeed, DacEasy has the potential to become larger than its parent. Some 800,000 small businesses, each with a need for an accounting system, were started in the US in 1990.

Management funds link to improve profitability

By Norma Cohen, Investments Correspondent

HENDERSON Administration and Gartmore Investment Management, the fund management groups, yesterday announced the formation of a joint venture to administer their unit trust businesses.

The move is seen as a sign of growing pressure on the profitability of fund management companies which have faced heavy competition and slow growth in the unit trust and pension fund businesses. The venture will allow the two companies to seek a new source of fee income.

The venture, named The Administration Partnership, will seek additional work administering the unit trust businesses of other fund managers. Currently, there is only one significant marketer of so-called back office services for the unit trust industry, and most fund managers administer their own funds internally.

The venture, expected to take a year to complete, will be 51 per cent owned by Gartmore and 49 per cent by Henderson. It will have 184,000 unitholders and £3bn under management and will be formed as Gartmore spins off its existing administration facility with 75 staff. Henderson has no unit trust facilities and has used third-party administrative services for some time.

China and Eastern

At January 31 net asset value of China and Eastern Investment stood at 191 cents, compared with 159 cents a year earlier.

In the six months to January 31 earnings were 0.0142 cents (0.0026 cents).

Fortnum & Mason rings up improvement

An improving trend at the Piccadilly store, a 47 per cent increase in exports and tight control over costs helped Fortnum & Mason lift pre-tax profit by 3 per cent in the 12 months to January 25 1992.

The profit was £2.12m (£2.06m) on sales of £24.9m (£24.8m). The current accounting period runs for 76 weeks to July 11 but in the 52 weeks to then it will be difficult to match the profit achieved in the comparable period, Mr Garry Weston, chairman, warned.

Current trading in Piccadilly had improved over the weak performance of a year ago but exports had not maintained the strong growth of the previous year, he explained.

Earnings per share were 327p (311p). There is a second interim dividend of 86p which makes 96p (90p) to date.

Chepstow R'course gallops ahead 35%

The Chepstow Racecourse lifted pre-tax profits 35 per cent, from £47,445 to £63,873, in 1991. Turnover grew from £1.62m to £1.65m.

After a sharply increased tax charge of £22,117 (£6,439) and grants no longer repayable at £93,098 (£97,352), earnings worked through at 8.43p (8.28p). It is proposed to maintain the dividend at 1p.

COMPANY NEWS IN BRIEF

AAH Holdings has acquired two retail pharmacy businesses, Reappage of Weston-Super-Mare and RFW Wilson of Arbroath. Total consideration was £1.02m of which £921,886 has been met by the issue of 197,830 shares.

AMBER Industrial group has bought Intachem for £1.7m cash. Intachem makes chemical products for use predominantly in the automotive industry; in the year to January 31 1991 profit was £261,000 (£176,000) on turnover of £1.5m (£1.43m).

AMERSHAM INTERNATIONAL has exercised its option to acquire 14.9 per cent of Nordion International, a Canadian supplier of radio isotopes, following clearance by the regulatory authorities.

ANTARES GROUP name change to Harrison Industries effective from April. High Court has confirmed reduction in capital and cancellation of share premium account to enable accrued losses of £6.8m to be written off.

BESPAK: Rights issue received acceptances for 6.73m (98.8 per cent) of the 6.81m shares offered at 410p each.

BLETCHLEY MOTOR Group has paid £425,000 cash for a 1.5 acre site at Sundon business park, Luton, for development as a Toyota franchise covering the M1 corridor in Bedfordshire. BMG estimates that the cost of the development will be about £375,000.

CMW GROUP is to acquire Cambridge-based Yakeley Associates Architects and Stanley Brown Associates, property development and management consultancy, for an initial £556,000 up to a maximum of £850,000.

CULVER HOLDINGS has acquired the freehold interest in the showroom occupied by Wyndham (UK), its Honda dealership in Penarth Road, Cardiff for £750,000 cash.

INTERNATIONAL Resort Holdings has acquired the remaining 80 per cent of EGP Sports Group for £760,000, plus potential extra payments over the next three years which are £800,000 in total.

IWP International has paid I£2.16m (£2m) cash for DHL Products, a Bradford-based maker of hair care products and body creams and lotions. In the year ended November 1991 DHL made pre-tax profits of I£559,000 (£517,000).

JLI has completed the acquisition of TG Smith (Fine Foods) of Bootle, processor and packer of nuts and dried fruits. Consideration is £1.6m cash. In the 10 months ended January 1992 trading profits were £200,000 on sales of £14.5m.

LYNX HOLDINGS has acquired CSL Systems Services, a computer maintenance company, for an initial £93,477 satisfied by the issue of 66,667 shares and £73,477 cash. Additional consideration of up to £30,000 may be payable.

METALRAX has acquired BSC, a producer of zinc and aluminium pressure diecastings, from GF Sidaway and others for £900,000.

NORTHERN FOODS has acquired a 24.9 per cent stake in Fletchers Bakeries, an unquoted family-owned speciality baker based in Sheffield.

POWERSCREEN International has acquired 50 per cent and 33 per cent stakes respectively in Powerscreen of Canada and Powerscreen Rental Systems. Consideration was the allotment to the vendor of 200,000 Powerscreen ordinary shares.

RAINE INDUSTRIES' offers for Walter Lawrence have been accepted in respect of 26.5m ordinary shares (54.4 per cent) and 2.01m preference (76.2 per cent), and the offers have been declared unconditional. Its rights issue has been taken up in respect of 31.8m new ordinary (87.9 per cent).

SECURITY SERVICES has disposed of its 25 per cent holding in Band Three Holdings for a nominal amount. The current book value of the investment is £3.8m which will be written off as an extraordinary item in the accounts for the year to September 30 1992.

TRAFALGAR HOUSE has announced three transactions relating to its 350-acre site at Brooklands: Sony (UK) has agreed a 25-year lease on a headquarters office building. Marks and Spencer has acquired a six acre site and submitted planning application for a store and Trafalgar House has acquired British Aerospace's 50 per cent interest in the joint venture.

WAGON Industrial Holdings, the materials handling, engineering and automotive group, has acquired Westward Holdings, a refrigeration contracting company, for £1.1m cash and the settlement of loans of £265,000. In the year to last January, Westward produced turnover of £11.8m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Black & Edgington, Magnetic Materials, Ossory Estates, Pegasus, St Ives, Wardle Storeys, Wescol.

Finals- BLP, Baillie Gifford Tech, Boosey & Hawkes, British Dredging, City Centre Restaurants, Dagenham Motor, Dunloe House, Ipeco, Meggitt, Next, Pittencrieff, QS, Sherwood, Tesco, Utd Friendly, Waterford Wedgwood.

FUTURE DATES

Interims-	
Jersey Electric	Apr. 8
New Frontiers Dev	May 6
Sage	Apr. 14
Tate & Lyle	May 6
Finals-	
Bentalls	Apr. 22
Blockleys	Apr. 8
Bodycote	Apr. 8
Central ITV	Apr. 24
Mowlem (John)	Apr. 13
Quadrant	May 20

COMMODITIES AND AGRICULTURE

Iranian warplane episode leads to crude price rise

By Deborah Hargreaves

WORLD OIL prices moved upwards yesterday following Iraq's claims that it had shot down an Iranian warplane over Iraqi airspace at the weekend. North Sea Brent oil for May delivery was up 30 cents at $18.85 at the close of trading. At one time during the day it had touched $19 a barrel.

Middle East tensions have buoyed sentiment in the oil market where traders continue to be concerned at the ongoing disagreements between Libya and the United Nations about the 1988 Lockerbie bombing, as well as the impact of sanctions.

Cuts in output by Saudi Arabia and, to a lesser extent, Iran, are beginning to be felt in the market. While these have not been great, they are enough to support the market in the short-term.

Mr Joe Stanislaw, at Cambridge Energy Research Associates, said: "The irony is that the United Nations probably has more influence on the oil price right now than Opec".

The colder-than-usual spring weather in Europe and North America has pushed up heating oil prices which, in turn, has pulled crude oil prices in its wake. However, while traders say that sentiment in the market has become much firmer during the past few days, this could still be short-lived if the current Middle East disputes are resolved soon.

● Russian oil output is expected to fall to 397m tonnes in 1992, down 14 per cent from 1991, according to a government document released on Monday, reports Reuter from Moscow.

Daily oil output had fallen by 20,000 tonnes between November 1991 and March 1992, the document said. It was circulated at a meeting of the Russian Congress of People's Deputies. March oil output totalled 34.7m tonnes, down from 36.2m in November. The document said that higher prices were essential to end the slump in output.

Coffee pact must embody four principles, says US

THE US will participate in a new International Coffee Agreement with economic clauses provided consensus is reached on four principles, the head of the US delegation to the International Coffee Organisation said at the beginning of a 5-day ICO council session in London yesterday, reports Rueter.

The principles are a universal quota, market-orientation, an effective control system and the absence of "infeasible market interventions", such as buffer stocks and retention schemes.

"On the other hand, if at the end of the week consensus does not exist, it is difficult for our delegation to envisage how further talks could be productive," said Mr Myles Frechette.

An ICO working group decided last week to recommend that negotiations begin for a new economic pact to replace the administrative accord that has operated since the collapse of the organisation's export quota system in July 1989.

While supportive of a new economic pact, the US statement emphasised that the US would sign the agreement only if it met the concerns of the US industry and the US Congress.

"Even if we agree on these general principles, I need to re-emphasise that selling an agreement to our private sector and to our congress will be no easy task," Mr Frechette said.

The most delegates expect of this week's talks is that the council will draw up a timetable of meetings for negotiations, without negotiations actually beginning.

Ms Dorothea Werneck, Brazil's National Economy Secretary said: "We hope to have a schedule of meetings before the end of this week".

The only country to have reserved its position on quotas is Mexico, which is thought to be linking the ICO quota question to agreement on future free access to the US in the proposed North American Free Trade Agreement.

● Coffee prices moved higher in thin trading on the London Futures and Options Exchange yesterday, as traders awaited news from the ICO meeting. Traders shared delegates' reservations about the prospects for substantial progress being made towards a new price-supporting pact.

The July futures position ended at $883 a tonne, up $14 from Friday's close, but $5 below the high attained during the day. The early rise was linked to Friday night's rally in the New York market.

Fresh sugar crop hopes fuel Indian export drive

By Kunal Bose in Calcutta

THE INDIAN government, emboldened by the prospect of another bumper crop during the 1991-92 season (October-September), has authorised the export of 250,000 tonnes of sugar.

Last year, India resumed exporting after a gap of six years, with sales totalling 525,000 tonnes. Industry officials believe that, like last year, the government will be making export releases in phases.

The Indian Sugar Mills Association and the National Federation of Co-operative Sugar Factories have made representation to the government that, in the interest of the sugar economy and also in order to step up foreign exchange earning, permission should be given for a minimum export of 500,000 tonnes.

According to Mr Om Dhanuka, spokesman for ISMA, India now has the capacity to export 1m tonnes of sugar per year, provided that the releases are made uniformly during the year. The capacity of Indian ports to handle sugar is limited and during the monsoon the ports of Bombay, Nav Sheva and Goa cannot handle sugar at all.

India has found a good market for sugar in Bangladesh and in Sri Lanka. It has also been able to find buyers in some West Asian and European countries. At current world prices, the loss on export is estimated at Rs100 (£2.20) a tonne. That is to be equitably shared by all sugar mills in the country.

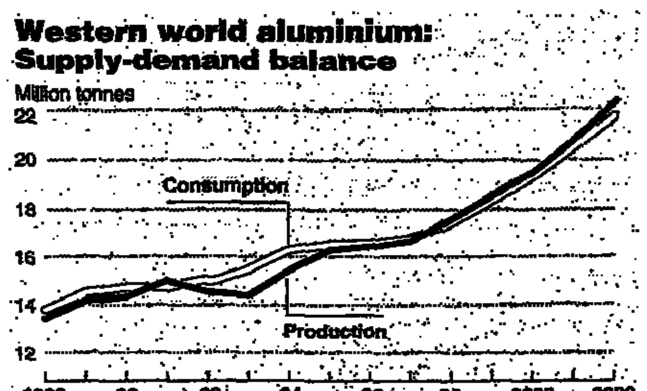
In the first five months until February, India had produced 7.86m tonnes of sugar, compared with 7.23m tonnes in the corresponding period of the previous season. In the current season, 375 sugar factories are in operation, up from 359 last year.

In response to the package of incentives for the creation of extra capacity, some new sugar factories have been commissioned this year. According to Mr Dhanuka, India hopes to produce 12.5m tonnes of sugar this season, compared with 12m tonnes last year. Domestic consumption is forecast to be about 11.5m tonnes, up 800,000 tonnes.

The present season opened with stocks of 3.33m tonnes, against 2.22m tonnes last year. The opening stock has to take care of internal requirements of the first three months when production is low. In the circumstances, India could easily export up to 1m tonnes.

'Buoyant' aluminium forecast

By Kenneth Gooding, Mining Correspondent



ALUMINIUM INDUSTRY demand will soon recover and the industry will experience a period of buoyant prices, which will enable it to deal with a large backlog of investment that needs to be undertaken, according to the Anthony Bird consultancy organisation in its latest market review.

Primary aluminium demand is forecast to grow at an annual 3.4 per cent during the next ten years, fractionally less than the 3.6 per cent growth Bird sees for world industrial production growth. Demand will increase in bursts rather than in a steady stream.

Exports from the former communist countries, at present a hugely disturbing factor in the market, are forecast by Bird to disappear by 1999. It estimates that exports from the old eastern bloc reached 818,000 tonnes last year, are likely to fall nearly one third to 567,000 tonnes in 1992, and then fall down to 407,000 tonnes next year.

Bird points out that presently low aluminium prices have caused smelter construction to slow sharply. When projects in the pipeline are completed, capacity will stop growing for a time. It suggests the planned rate of annual capacity growth to 2002 is 1.7 per cent, well below forecast demand growth.

However, Bird believes more high-cost European smelters will close unless they make substantial cost savings.

Bird calculates that western smelters need 69 cents per lb to cover operating costs and this will soon rise to 77 cents. However, the London Metal Exchange spot price is forecast to average only 57.6 cents a lb, rising to 66.8 cents in 1993.

The report says: "Aluminium prices must rise towards a level that will make investment possible". It predicts that the average price during the 1994-2002 period will be slightly more than 86 cents a lb in constant March 1992 money and at current exchange rates.

Aluminium Annual Review: 1992, Bird Associates, 198 Richmond Road, Kingston upon Thames, Surrey KT2 5DD, England, £890.

Brazil's mineral data point to fall in output

By Bill Hinchberger in Sao Paulo

PRELIMINARY government figures show a 2.8 per cent fall in the value of Brazilian mineral production last year, compared with 1990.

However, mineral exports increased by 7 per cent during the year, according to the National Department of Mineral Production (DNPM).

The overall decline, blamed partly on lower domestic demand due to the Brazilian recession, represents only the second time in a decade that production has fallen, said a DNPM official.

The department estimated the total value of Brazilian mining production at roughly $10bn.

The most important reductions were in the extraction of gold, iron ore, and tin. Among the minerals bucking the downward trend was bauxite, the ore from which aluminium is made.

Gold output suffered primarily from a significant decrease in output from wildcat miners, known as *garimpeiros*, who extracted 55,525 kg, down 23 per cent. The reduction was explained by their high costs, which outdistanced the international price for the metal, and the depletion of the main *garimpos* (wildcat mines), Serra Pelada and Rio Madeira.

Industrial production actually increased by 12 per cent, to 33,584 kg. The overall total of 89,109 kg was down from 101,727 kg in 1990.

Tin production fell by 25.2 per cent, to 29,300 tonnes from 39,149 tonnes. Most of the total, 17,300 tonnes, was extracted from the Pitinga mine, run by the state-owned firm Paranapanema.

Reduced *garimpeiro* production was also partly responsible for the reduced tin output.

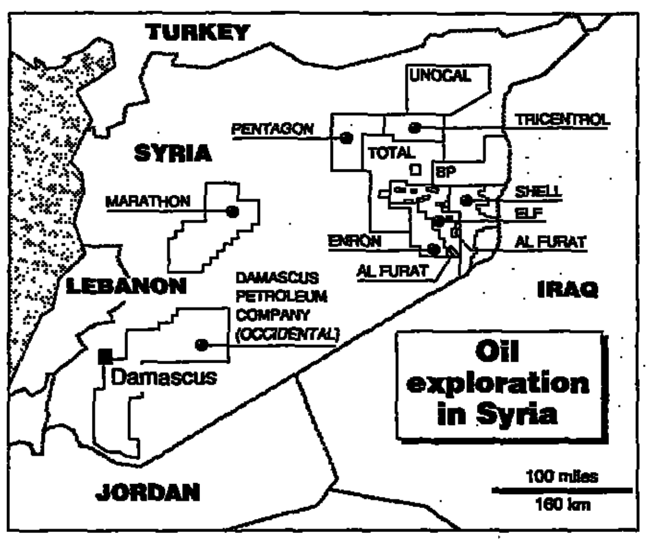
Iron ore registered a 1.5 per cent decline, to 149,986,000 tonnes from 152,256,900.

The state-owned Companhia Vale do Rio Doce, the world's leading exporter of iron ore, accounts for more than half of the country's production. It registered a 2.8 per cent drop in output.

Explorers fail to match Shell's oil successes

Tony Walker finds executives disenchanted by the unfulfilled promise of eastern Syria

SHELL OIL company executives in Damascus are looking very pleased with themselves these days, as well they might, given Shell's continuing exploration success in eastern Syria towards the Iraqi border.



Good spirits at Shell headquarters in the Syrian capital, however, are balanced by the gloom among other foreign explorers, who have little to show for the US$200m-plus they are estimated to have invested in Syria since 1988.

"This is the year when reality sinks in," said the representative of an American company which has been unsuccessful, thus far, in its efforts to find oil and gas.

British Petroleum has already announced that it is pulling out, and others, including Enron, the small American independent, are expected to follow suit.

For the more than half dozen oil explorers who were attracted by Shell's successes in the mid-1980s, Syria has proved disappointing.

For Shell itself, success has followed upon success, and with its partner, Deminex of West Germany, it is continuing to make finds in its Ash Sham concession whose lease expires in May this year.

Shell officials are coy about production figures, and about reserves in their exploration zone, but the company, through its Al Furat operating company (in which the Syrian Petroleum Company has a 50 per cent share), is reliably reported to be pumping about 345,000 barrels a day of light, easily marketable crude from its Deir ez Zawr and Ash Sham fields.

With the additional finds made recently, it may well lift production to a considerably higher plateau.

Assuming that the Syrian Petroleum Company is producing 160,000-80,000 b/d of heavy, sulphurous crude from its well-established Sweidiyeh field in Syria's north-east corner, Syrian total production is now comfortably above 500,000 b/d. About two-thirds of production is available for export.

Latest balance of payment figures, included in the IMF's Article IV report on the Syrian economy, show that oil sales, as wellas new aid flows from the Gulf as reward for Damascus's support of the anti-Iraq alliance, dramatically improved Syria's financial position in 1990-91.

Earnings from oil in 1990 attained nearly US$2bn. The figure was lower, about US$1.7bn last year, because of softer oil market. Grants and soft loans from the Gulf totalled US$1.5bn in 1990-91, sharply improving Syria's overall balance of payments in those years.

According to an IMF forecast, however, Syria's payment's position will again start to become precarious this year. That is certain to add to pressures for more rapid exploitation of Syrian reserves, which now stand officially at about 1.7bn barrels.

Mr Mtanios Habib, Syria's oil minister, said last June that within two years Syria aimed to treble production. That is almost certainly over-ambitious, although Syria is edging its way to being a relatively significant Mediterranean producer. A further increase in production by the mid-1990s cannot be ruled out. Further finds by Shell will determine this.

As the May deadline approaches for Shell to relinquish its Ash Sham concession, the company has about ten drilling rigs working overtime to ensure there is no repeat of its recent painful experience when Elf Aquitaine of France made a commercial discovery in Shell's surrendered Deir ez Zawr acreage.

Oil industry representatives say that there is some talk of an arrangement that might allow Shell to continue exploring in the Ash Sham concession beyond the May deadline, but at this stage Shell executives assume that they will be obliged to relinquish the acreage on the due date.

Among other foreign players in the field, Occidental of the US is pushing ahead. Occidental has two years of a three-year exploration agreement to run on its 8,000 sq km block in central Syria.

However, other companies, such as Repsol of Spain, which has also been exploring in central Syria, and Unocal (formerly Union Oil of California), which has been searching near the Turkish border, are reported to be drilling their last wells and are likely to join the exodus if they are not successful.

Marathon has been sitting on a fairly sizeable gas find but at this stage there is no sign of it beginning commercial exploitation. Indeed, company representatives are reported to be "not very enthusiastic". Syria's domestic market is limited, although power stations are being converted to "dual use" technology. Export prospects are not especially encouraging.

WORLD COMMODITIES PRICES

MARKET REPORT

BASE METALS prices closed lower across the board yesterday. But trading was described as "routine" and the falls were generally marginal. The exception was the tin market, which saw a continued reversal of the cash premium established in the middle of last week in response to near term supply worries. The cash position closed at $5,730 a tonne, down $30 from Friday, and its discount against three months metal widened to $7.50. Five days earlier it had held a $30 premium. The cash **COPPER** price closed at £1,285 a tonne, down £4.50 on the day, after being lifted early in the day by concern about the situation in Peru after President Fujimori's dissolution of the congress. Peru is an important exporter of copper, as well as **ZINC**, which was also boosted early on, only to slip back with the other metals. The cash price closed at $1,268 a tonne, down $5 on balance. At the London bullion market **GOLD** and **PLATINUM** prices drifted lower but **SILVER** was buoyed by the Peruvian news. Dealers said the platinum market was belatedly responding to a forecast of increased Russian shipments.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.65-6.75	+.325
Brent Blend (dated)	$18.95-9.05	+.375
Brent Blend (May)	$18.90-8.95	+.375
W.T.I. (1 pm est)	$20.35-0.40z	+0.40
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$210-212	+2.5
Gas Oil	$171-173	+3
Heavy Fuel Oil	$72-74	-1
Naphtha	$176-178	+3
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$339.50	-1.65
Silver (per troy oz)♣	413c	+4
Platinum (per troy oz)	$354.00	-1.75
Palladium (per troy oz)	$84.50	-0.35
Copper (US Producer)	107.75	+0.7
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	na	
Tin (New York)	287.25	-1.25
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	109.83p	-0.13*
Sheep (live weight)†♠	103.40p	+5.28*
Pigs (live weight)†	103.17p	+3.09*
London daily sugar (raw)	$228.9y	
London daily sugar (white)	$279.0y	+3
Tate and Lyle export price	£239.5	
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£149.5	
Wheat (US Dark Northern)	Unq.	
Rubber (May)♥	55.50p	
Rubber (Jun)♥	55.75p	
Rubber (KL RSS No 1 Mar)	220.0	
Coconut oil (Philippines)§	670.0y	+7.5
Palm Oil (Malaysian)§	$397.5z	+2.5
Copra (Philippines)§	$425w	-10
Soyabeans (US)	£149w	-0.5
Cotton "A" index	59.40c	
Wooltops (64s Super)	446p	+2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Oct/Dec. y-Apr/May. w-Apr. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	201.00	202.60	203.80 200.00
Aug	199.40	200.40	200.40 199.00
Oct	195.60	197.60	197.40 197.40
White	**Close**	**Previous**	**High/Low**
May	273.40	278.00	276.60 273.00
Aug	273.60	276.00	276.00 273.00
Oct	265.80	268.00	267.50 266.50

Turnover: Raw 402 (1386) lots of 50 tonnes. White 1785 (750)
Paris- White (FFr per tonne): May 1526.54 Aug 1531.71

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
May	19.00	18.76	19.05218.82
Jun	18.96	18.68	18.97 18.75
Jul	18.85	18.59	18.85 18.68
Aug	18.75	18.44	18.77 18.61
Sep	18.69	18.40	18.72 18.55
Oct	18.65	18.44	18.68 18.65
IPE Index	18.63	18.42	

Turnover 16000 (26868)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Apr	170.50	167.00	172.25 169.50
May	170.50	168.00	172.25 170.25
Jun	171.25	168.25	172.50 170.75
Jul	172.50	170.00	173.75 172.00
Aug	173.50	171.00	174.50 173.00
Sep	175.25	172.75	176.00 174.50
Oct	177.75	175.00	177.75 177.00
Nov	178.50	175.75	179.00 178.25

Turnover 17133 (12184) lots of 100 tonnes

TEA

There was strong and active demand reports the Tea Broker's Association. Bright liquoring and good medium East Africans again sold at dearer rates. Plainer mediums showed some irregularity but were generally firm to dearer. Ceylons attracted improved competition and were often appreciably dearer with quality. Offshore strong demand in the oil section with proces 3 to 5p higher and best Kenyas much dearer. Fob teas, all from Mauritius, met fair support. The highest price realised this week was 200p for a Rwanda pd. Quotations: quality 160p, nom good medium 120p, medium 102p, low medium 82p.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	615	622	622 609
Jul	642	650	650 636
Sep	667	675	674 661
Dec	701	709	708 698
Mar	734	741	740 730
May	754	761	760 756

Turnover: 2723 (3029) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 3 768.10 (789.81) 10 day average for Apr.3 789.59 (806.08)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
May	869	855	871 864
Jul	883	869	888 878
Sep	898	881	900 890
Nov	912	898	915 910

Turnover:2133 (1328) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr.3: Comp. daily 56.57 (55.86) 15 day average 56.74 (56.79)
Sterling close: Unq.

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	101.0	102.5	105.0 100.0
May	119.0	115.0	118.5 114.0
Apr	124.0	123.0	123.5 123.0

Turnover 139 (388) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	129.00	126.30	

Turnover 0 (80) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Apr	1149	1170	1160 1148
May	1135	1160	1150 1135
Jun	1048		1060 1045
Jul	1045	1054	1051 1045
BFI	1160	1170	

Turnover 186 (198)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	123.70	124.10	123.80 123.50
Jun	125.25	125.65	125.30 125.00
Sep	112.60	112.50	112.60 112.56
Nov	115.70	115.60	115.70 115.65
Jan	119.50	119.35	119.50 119.40
Mar	122.50	122.40	122.50
Barley	**Close**	**Previous**	**High/Low**
May	116.75	116.75	115.75

Turnover: Wheat 242 (280). Barley 0 (10).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	129.0	130.0	128.0 127.0
May	125.5	126.0	125.5 125.2
Jun	119.5	119.8	119.5 119.2
Jul	114.0	114.0	113.5
Oct	110.0	110.5	109.5

Turnover 42 (224) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 21,982 lots		
Cash	1298-99	1299-300		1296.5-97		
3 months	1324-25	1325-26	1328/1317	1322-22.5	1323-24	175,092lots
Copper, Grade A (£ per tonne)				Total daily turnover 18,009 lots		
Cash	1284.5-5.5	1289-90	1287/1286.5	1286.5-87		
3 months	1312-13	1317-17	1316/1312	1313.5-14.5	1312-13	108,402lots
Lead (£ per tonne)				Total daily turnover 2,363 lots		
Cash	309-10	309.5-10.5	310.5	310-10.5		
3 months	320-21	320.5-21	322.5-320.5	321-1.5	321-21.5	16,932 lots
Nickel ($ per tonne)				Total daily turnover 2,550 lots		
Cash	7385-95	7415-25		7375-85		
3 months	7470-75	7500-10	7480/7470	7470-75	7480-90	26,030 lots
Tin ($ per tonne)				Total daily turnover 2,117 lots		
Cash	5725-35	5755-65	5745	5740-45		
3 months	5735-40	5760-70	5760/5720	5750-53	5745-50	6,465 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 5,261 lots		
Cash	1267-69	1272-74	1269	1269-70		
3 months	1263-64	1263-64	1272/1263	1264.5-65	1263-64	52,595 lots

LME Closing £/$ rate: SPOT: 1.7510 3 months: 1.7231 6 months: 1.6912 9 months: 1.6680

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	339.30-339.70	
Opening	340.40-340.80	
Morning fix	340.50	194.571
Afternoon fix	339.25	193.636
Day's high	340.50-341.00	
Day's low	338.75-339.25	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	-	6 months	-
2 months	-	12 months	-
3 months	-		

Silver fix	p/fine oz	US cts equiv
Spot	234.20	409.40
3 months	240.50	413.50
6 months	247.10	418.05
12 months	260.10	428.50

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	339.25-340.25	193.75-194.25
Maple leaf	350.00-351.00	199.75-200.25
New Sovereign	83.00-84.00	47.25-47.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	112	122	3	3
1300	32	46	20	26
1400	3	10	90	89
Copper (Grade A)	**Calls**		**Puts**	
2150	108	110	3	3
2250	29	27	20	29
2350	3	6	93	97
Coffee	**May**	**Jul**	**May**	**Jul**
800	69	91		8
850	24	55	5	22
900	3	30	34	47
Cocoa	**May**	**Jul**	**May**	**Jul**
600	19	52	4	7
625	6	35	16	18
650	1	22	36	30
Brent Crude	**May**	**Jun**	**May**	**Jun**
1800	90	95	4	
1850	40	66	7	33
1900	19	42	25	58

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	340.4	341.2	341.0	339.3
May	340.9	341.8	340.0	340.0
Jun	341.8	342.7	342.0	340.7
Aug	343.9	344.8	344.2	343.0
Oct	346.0	346.9	345.0	345.0
Dec	348.3	349.2	348.4	347.0
Feb	350.8	351.7	350.0	349.9
Apr	353.3	354.2	0	0
Jun	356.0	357.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	352.5	353.4	354.0	351.0
Jul	354.5	358.4	355.0	353.0
Oct	358.1	359.9	359.5	356.0
Jan	359.6	360.4	358.0	359.0
Apr	360.1	361.9	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	409.9	407.6	0	0
May	411.0	408.7	414.0	408.0
Jun	412.6	410.3	0	0
Jul	414.1	411.6	416.5	411.5
Sep	417.6	415.3	0	0
Dec	423.1	420.6	426.0	421.0
Jan	424.9	422.6	0	0
Mar	429.0	426.8	427.0	427.0
May	433.1	431.0	0	0
Jul	437.2	435.2	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	9.00	9.18	9.20	8.93
Jul	8.92	9.03	9.05	8.90
Oct	8.79	8.89	8.92	8.77
Mar	8.78	8.86	8.90	8.78
May	8.76	8.84	8.89	8.87
Jul	8.80	8.87	8.79	8.79

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr.6	Apr.3	mnth ago	yr ago
1630.1	1625.3	1614.0	1741.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr.3	Apr.2	mnth ago	yr ago
Spot	116.89	-	117.84	125.15
Futures	121.84	-	122.56	129.13

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	102.45	102.80	103.20	102.45
May	102.70	103.05	103.30	102.60
Jun	102.55	102.85	102.70	102.35
Jul	102.35	102.60	102.80	102.30
Aug	102.20	102.45	0	0
Sep	102.05	102.20	102.30	102.05
Oct	101.95	102.10	0	0
Nov	101.85	102.00	0	0
Dec	101.75	101.90	102.00	101.85
Jan	101.60	101.75	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	20.38	20.29	20.50	20.26
Jun	20.41	20.28	20.50	20.26
Jul	20.37	20.26	20.46	20.23
Aug	20.32	20.19	20.40	20.18
Sep	20.20	20.11	20.29	20.09
Oct	20.15	20.05	20.24	20.02
Nov	20.13	20.00	20.17	19.98
Dec	20.10	19.96	20.14	20.00
Jan	20.05	19.88	20.03	19.89
Feb	19.90	19.82	20.00	19.82

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5575	5568	5610	5520
Jun	5540	5512	5565	5485
Jul	5535	5519	5555	5500
Aug	5625	5578	5620	5570
Sep	5710	5666	5715	5700
Oct	5820	5788	5805	5805
Nov	5880	5878	5895	5880
Dec	5995	5968	5995	5970
Jan	6010	6000	6010	5990
Feb	5930	5915	5930	5930

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	960	971	972	962
Jul	1005	1014	1015	992
Sep	1044	1052	1054	1035
Dec	1096	1104	1102	1087
Mar	1141	1145	1140	1132
May	1168	1172	0	0
Jul	1198	1200	1194	1194
Sep	1222	1228	0	0
Dec	1257	1261	0	0
Mar	1300	0	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	71.80	71.40	72.10	70.85
Jul	74.40	73.90	74.50	73.35
Sep	76.85	76.15	76.90	75.70
Dec	80.55	79.60	80.10	79.10
Mar	83.65	83.65	83.65	83.25
May	87.15	86.65	85.50	85.50
Jul	89.40	88.40	0	0
Sep	91.50	90.40	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	60.33	60.49	60.55	59.91
Jul	61.98	61.99	62.10	61.56
Oct	62.65	62.45	62.77	62.30
Dec	63.00	62.75	63.05	62.60
Mar	64.25	63.98	64.25	63.80
May	64.75	64.50	64.35	64.25
Jul	64.95	64.60	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	136.10	136.30	138.00	135.30
Jul	133.95	135.75	135.00	133.10
Sep	128.00	130.25	128.60	127.50
Nov	122.25	124.25	124.00	122.25
Jan	122.00	123.60	123.75	121.75
Mar	122.05	123.15	123.15	122.00
May	121.55	123.15	0	0
Jul	121.55	123.15	0	0
Sep	121.55	123.15	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	578/0	576/2	578/4	574/4
Jul	585/4	584/4	586/4	582/2
Aug	589/2	588/6	590/0	586/4
Sep	593/0	592/4	593/0	590/4
Nov	599/6	599/4	600/6	597/0
Jan	609/4	608/6	609/4	606/0
Mar	618/4	618/4	618/4	618/0
May	626/0	626/0	626/0	623/0
Jul	630/0	630/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	19.61	19.60	19.66	19.51
Jul	19.89	19.91	19.95	19.80
Aug	20.03	20.06	20.09	19.96
Sep	20.18	20.22	20.25	20.10
Oct	20.31	20.36	20.37	20.27
Dec	20.65	20.67	20.67	20.56
Jan	20.75	20.78	20.80	20.75
Mar	21.00	21.01	21.10	21.00

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	174.3	174.2	174.7	174.0
Jul	177.0	177.1	177.7	176.8
Aug	178.1	178.1	178.6	178.0
Sep	179.1	178.8	179.5	179.1
Oct	193.5	193.5	194.0	193.5
Dec	194.7	194.8	195.0	194.5
Jan	195.0	195.0	195.3	195.0
Mar	197.0	196.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	262/0	260/2	262/0	260/0
Jul	267/2	265/6	267/4	265/0
Sep	263/2	261/4	263/2	261/0
Dec	261/2	259/4	261/4	259/0
Mar	269/0	267/0	269/0	266/6
May	272/0	271/0	272/0	271/6
Jul	275/0	273/6	275/0	273/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	369/6	367/2	371/0	367/2
Jul	357/6	354/0	358/4	354/0
Sep	363/0	359/2	363/0	359/4
Dec	371/2	368/2	371/4	367/4
Mar	373/0	369/4	373/6	370/0
May	362/0	358/0	0	0
Jul	341/4	340/0	341/4	339/0
Sep	348/4	345/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	79.875	79.375	79.900	79.375
Jun	74.800	74.575	74.850	74.525
Aug	70.100	69.700	70.300	69.850
Oct	69.775	69.750	70.050	69.750
Dec	70.100	70.000	70.300	70.000
Feb	69.450	69.350	69.700	69.450
Apr	70.550	70.425	70.700	70.400

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	42.525	41.875	42.600	41.950
Jun	47.800	47.900	48.300	47.600
Jul	46.025	46.350	46.700	45.925
Aug	44.000	44.150	44.550	43.925
Oct	41.100	41.250	41.500	41.000
Dec	43.425	43.450	43.600	43.200
Feb	44.225	44.250	44.400	44.150
Apr	42.450	42.600	42.500	42.450

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	35.725	35.600	36.100	35.550
Jul	36.050	36.150	36.650	35.650
Aug	34.425	34.300	34.850	34.200
Feb	44.700	44.900	45.000	44.700
Mar	43.800	43.800	0	43.600

LONDON STOCK EXCHANGE

New account sees share prices rally

By Steve Thompson

THE PROSPECT of a change in the complexion of the UK government after Thursday's general election failed to trigger any further slide in a UK equity market now regarded by many observers as already discounting just about every possible election scenario.

On the contrary, the market moved decisively higher throughout the first session, stimulated by positive noises from UBS Phillips & Drew, the securities house, in what is expected to be a three-week trading account of tremendous significance to the UK.

The FT-SE 100-share index, which slumped around 64 points over the previous two-week account, slipped smoothly into gear after an uncertain opening, eventually closing 18.2 higher at 2,400.9.

There was an air of uncertainty in the market at the outset after a series of weekend opinion polls continued to give Labour a slight lead over the Conservatives, indicating a hung Parliament, possibly led by a Labour/Liberal Democrat coalition.

The Footsie opened around five points lower, although the fall was easily accounted for by a number of the constituents being quoted ex-dividend. Wall Street's closing 15 point gain on Friday was seen as a stabilising influence and from then on the market moved quickly to the uptick.

Dealers said the strong gains shortly after the opening came as the Footsie future embarked on a strong upward move, coinciding with keen support for equities from UBS Phillips & Drew. It was also pointed out that many traders had been carrying short books over the weekend, anticipating bad news for the Conservatives in the latest batch of polls.

The Footsie, spearheaded by a sparkling performance from British Aerospace, after a £1.5bn cash injection from Saudi Arabia, linked with the Al Yamamah defence contract, and hefty gains in the oil sector, raced ahead to a session high of 2,404.4 ahead of the opening shots on Wall Street. Turnover in London, however, was a miserable 411.5m shares.

The Footsie faltered as the session drew to a close, wobbling as an opinion poll based on marginal constituencies showed Labour well ahead of the Tories. But as one top trader pointed out; "There is scope for a rise in London from here. The market only needs a spark of good news." He mentioned 2,300/2,350 as a solid floor for the Footsie "even with a Labour government."

Outstanding gains in oil shares caught the market on the hop and were responsible for around eight points on the index. Demand was mostly US-sourced and European analysts remained unconvinced of a sustained upturn in oil prices.

Mr Mark Brown, equity market strategist at UBS Phillips & Drew, said the market was "beginning to look attractive once more in risk-reward terms; below 2,400 the downside is limited in the event of a Labour government or an unstable hung Parliament. There is little in the market for a Tory minority government or a coalition between Labour and the Liberal Democrats."

UBS concluded: "The weighted average of five possible election outcomes gives a year-end Footsie level of around 2,650."

Account Dealing Dates			
*First Dealings:	Mar 23	Apr 6	Apr 27
Option Declarations:	Apr 2	Apr 23	May 7
Last Dealings:	Apr 3	Apr 24	May 8
Account Day:	Apr 13	May 5	May 18

*New-time dealings may take place from 8.30 am two business days earlier.

Oils rally on heavy turnover

THE OIL majors, British Petroleum and Shell Transport, benefited from a much-needed recovery as a combination of US support, technical factors and Middle East tension sent them racing upwards.

Both groups' shares were considered oversold in London last week and a bounce had been expected. BP also benefited from a reiterated buy stance from US investment house Merrill Lynch after the market closed on Friday night. Yesterday's recovery was exacerbated because many traders had left themselves short of stock at the end of the trading account.

They also bucked the impact of a bearish 37-page report from County NatWest, published yesterday, to contribute almost 8 points to the rise in the FT-SE 100 Index. BP jumped 12 to 254¼p on very heavy turnover of 21m shares. Shell leapt 16 to 457p with 4.6m changing hands.

Fears of renewed fighting between Iraq and Iran, the worsening situation in Libya and talk of a refinery fire in the US prompted a squeeze in crude oil prices. Brent crude for May delivery reached $19 a barrel for the first time in almost two months.

Finally, observers said some UK investors, who had been shunning oils for some time, were returning to buy them for their defensive qualities. As oil is quoted in dollars it benefits from a weak pound, and falls in sterling are anticipated after the UK general election.

Saudis boost BAe

The prospect of further orders from Saudi Arabia under phase two of the Al-Yamamah defence agreement buoyed British Aerospace, the project's lead contractor. The shares forged ahead 16 to 315p to make the stock the best-performing FT-SE 100 constituent of the day.

The Saudis have deposited £1.5bn with BAe as an instalment for the contract. Among those welcoming the news was broker Strauss Turnbull, which turned positive on the stock after a two-year bear stance.

Mr Zafar Khan at Strauss said the financial injection of £1.5bn would resolve the cash flow problems at the company and predicted: "The share price has a potential upside of 380p, last year's rights issue price.

However, the low turnover figure of 1.6m shares was said to be an indication that scepticism about further orders remains. Mr Chris Avery at Smith New Court said: "This breaks the log jam, but the market is looking for more positive confirmation of orders."

Boots weakens

Stores were generally firm following stronger than expected consumer credit figures for February, but Boots weakened 9½ to 406½p in active trading of 4.4m shares as the market took fright on news of a 7 per cent pay rise for counter staff. The company said this was partly a catching-up exercise and that any increase in the wage bill above the level of inflation will be corrected through productivity gains.

Nomura last week downgraded its 1992-93 profits forecast for Boots to £400m from £410m, but the Japanese-owned securities house indicated that yesterday's reaction to the pay news was probably overdone.

Brewing group Whitbread was swamped by news that included denied rumours about a link with Dutch brewer Heineken, and a failure to reach agreement on the future of its joint venture with Pizza Hut International. The shares were, however, particularly depressed by an exceptional charge of £37m for bad and doubtful debts in the year recently ended.

On heavy turnover of 3.7m shares, Whitbread "A" dropped 19¼ to 358½p as the company blamed falling property values in southern England, where the beer trade has been badly affected by the recession, for the provision.

Mr John Wakely at Shearson Lehman Brothers said Whitbread, with its large loans on public houses in the south, might be at the sharp end, but this was the "tip of an iceberg" and bad news for the industry in general.

Bass, regarded as less exposed to the problems of southern England, eased only 2 to 518p, while Allied-Lyons lost 5 to 578p.

Banking issues joined in the general market strength after last week's savaging. Barclays, the worst hit, picked up 7 to 294p. Lloyds gained 7 to 348p and NatWest 12 to 265p, but Midland, which has been buoyed by hopes over the proposed merger with Hongkong and Shanghai Banking, dipped 2 to 337p.

A large line of Forte stock (2m shares) was placed at 221p. The stock declined 7 to 215p.

Thorn EMI, boosted by County NatWest reiterating its buy recommendation, added 9 at 747p.

Glaxo was a weak spot, losing 6 to 761p. US approval of its anti-migraine drug Immigran is said to be slightly less imminent than previously thought.

Weekend press comment and political factors lifted Cable and Wireless. The positive view in some corners of the media echoed an analysts' meeting a week previously in which C and W promised to tighten its investment strategy. Sentiment was also helped by the group's overseas earnings record on the back of continued nervousness over a Labour-led government.

The shares, which reached 532p at one stage, ended at 528p for a gain of 8 on the day.

Vodafone Group's recent dismal run continued, in spite of some encouraging figures on new cellular telephone connections. The stock slipped 5 to 303p as worries about possible fresh regulatory measures for the sector under a new government persisted.

Recently out-of-favour food retailer Albert Fisher increased its market valuation by nearly 10 per cent as an institution bought a block of 500,000 shares. On heavy turnover of 2.4m, the shares rose 6 to 69p.

Tesco gained 9 to 251p ahead of today's results, while a buy recommendation from Henderson Crosthwaite helped to lift Argyll 7 to 318p.

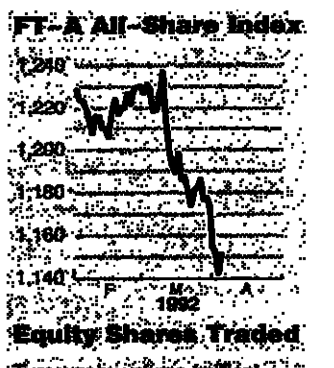
Vosper Thornycroft, another beneficiary of the Al-Yamamah project, put on 6 to 248p on the prospect of further orders.

Talk that a Labour government would cancel a fourth Trident submarine faded, helping VSEL bounce 5 to 300p following last week's falls.

Weekend press reports of renewed merger talks between British Airways and Dutch airliner KLM helped the former add 6 at 247p.

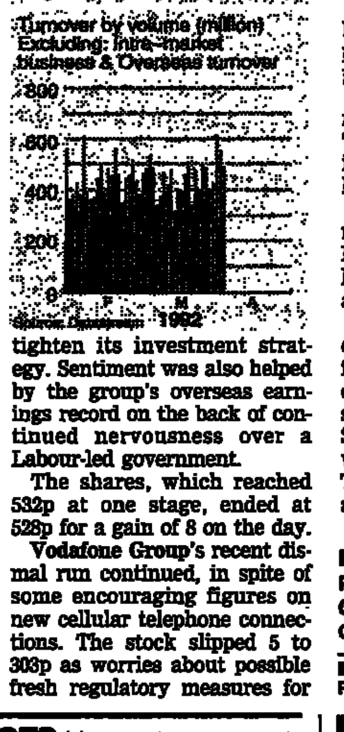
A large agency cross in Saatchi & Saatchi was responsible for most of the advertising company's turnover of 32m shares yesterday. S.G. Warburg Securities crossed 12m shares with institutions at 14p apiece. The stock finished ¾ cheaper at 14¾p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business & Overseas turnover



MARKET REPORTERS:
Peter John, Joel Kibazo, Christopher Price, Colin Millham.

■ Other market statistics, Page 27.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (7). BUILDING MATERIALS (1) Steetley, FOOD MANUFACTURING (1) Tranz, MEDIA (1) Portsmouth & Sunderland, MISCELLANEOUS (1) Frost, OTHER INDUSTRIAL MATERIALS (1) Harris (Ph), STORES (1) Oriflame Intl., TEXTILES (1) Sherwood.

NEW LOWS (161). OTHER FIXED INTEREST (3) Tr. 15¼pc 1996, Tr. 2½pc IL 2016, Tr. 2½pc IL 2020, BANKS (1) Barclays, BREWERS & DISTILLERS (2) Marston Thompson, Whitbread A, BUILDING MATERIALS (5) Blockleys, Lilleshall, Meyer Intl., Sheffield Insuls., Ward Grp., BUSINESS SERVICES (1) Brooks Service, CHEMICALS (2) Anglo Utd., Hartons, CONGLOMERATES (3) Graves, Ropner, Do. A, CONTRACTING & CONSTRUCTION (5) Galliford, Lon. & Clydeside, McAlpine (A), Prowting, Severfield-Reeve, Westbury, ELECTRICITY (3) Eastern Elect., Scott. Hydro, Scott. Power, ELECTRONICS (2) Kode Intl., P-E Intl., ENGINEERING GENERAL (2) Atlas Cnvrt. Equipment, FOOD MANUFACTURING (2) Booker, Linton Park, FOOD RETAILING (2) Low (Wm), Nurdin Peacock, HOTELS & LEISURE (1) Friendly Htls., INSURANCE BROKERS (4) Heath (CE), JIB, Steel Burrill Jones, Sturge, INSURANCE COMPOSITE (2) CU, Sun Alliance, INSURANCE LIFE (2) Lon. & Manchester, Utd. Friendly B, INVESTMENT TRUSTS (14) Baillie Gifford Japan, City of Oxford Inc., Drayton Recovery, EFM Inc., Exeter Prfd. Cap., Gartmore Scot. Inc., Do. Units, I & S Optimum Inc., JF Pacific Wrnt., Kleinwort High Inc., Murray Split Cap. Do Inc., Do. Units, Scott. Natl. Inc., MEDIA (2) Shandwick, Thames TV, MERCHANT BANKS (3) Brown Shipley, Joseph (L), Wintrust, MISCELLANEOUS (1) Ricardo Intl., MOTORS (1) Bostrom, OIL & GAS (5) Aran Energy, Aviva Petrlm., Calor, Monument Oil, Ramco Oil, OTHER FINANCIAL (2) Caledonia Invs., King & Shaxon, OTHER INDUSTRIAL MATERIALS (1) Expamet Intl., PROPERTY (19) Allied London, Do. 5¾pc Prf., British Land, Capital & Counties, Deb. Tewson & Chtn., Dencora, Frogmore Ests., Gt. Portland, Hammerson A, Helical Bar, Land Secs., MEPC, Merivale Moore, Scot. Metrop., Sheafbank, Southend Prop., Do. Wrrnts., UK Land, Wales City of Lon., STORES (3) Austin Reed, Bentalls, Clinton Cards, Mallett, Stylo, TEXTILES (1) Jerome, MINES (4) Blyvoor, Doornfontein, Hartebeest, Plateau.

FINANCIAL TIMES STOCK INDICES

	Apr 6	Apr 3	Apr 2	Apr 1	Mar 31	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	85.18	85.16	85.14	85.11	85.71†	85.47	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.41	98.23†	98.19	98.39	98.85	94.72	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1859.2	1851.4	1866.6	1878.9	1903.5	1999.0	2108.3 (2/9/91)	1806.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	117.4	118.1	119.6	121.6	120.9	138.4	222.8 (11/7/91)	116.0 (17/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2400.9	2382.7	2405.4	2408.6	2440.1	2529.9	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1151.11	1141.32	1149.52	1145.11	1159.94	1164.64	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.78	4.79	4.76	4.75	4.70	4.84				
●Earning Yld %(full)	6.97	6.97	6.93	6.91	6.79	8.82				
●P/E Ratio(Net)(☆)	17.99	18.03	18.14	18.16	18.50	13.95				
SEAQ Bargns 5.00pm	27,183	38,131	39,234	40,752	35,216	48,558				
Equity Turnover(£m)†	-	1131.5	1,056.0	1,415.2	786.7	1054.40				
Equity Bargains†	-	47,009	44,673	46,974	42,559	50,782				
Shares Traded (ml)†	-	496.4	551.4	619.7	432.5	511.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 16.65. † Corrected.

Ordinary Share Index, Hourly changes — Day's High 1861.5 — Day's Low 1846.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1846.7	1848.9	1855.5	1853.0	1858.1	1855.2	1859.1	1861.0	1860.3

FT-SE 100, Hourly changes — Day's High 2404.4 — Day's Low 2377.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2377.6	2381.9	2388.8	2389.1	2395.2	2395.6	2401.6	2403.4	2401.7

FT-SE Eurotrack 200, Hourly changes — Day's High 1154.06 — Day's Low 1144.82

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1145.49	1145.77	1146.64	1147.89	1149.83	1151.64	1151.98

GILT EDGED ACTIVITY

Indices*	Apr 3	Apr 2
Gilt Edged Bargains	85.2	107.6
5 – Day average	106.1	103.8

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	28	499	-6	Comm. Union	497	411	+8	Lucas	864	109	+1	Shell Transport	4,600	457	+16
ASDA Group	5,600	29½	+½	Cookson	72	124		MB Caradon	344	265	+8	Slebe	411	586	-6
Abbey National	1,000	270	+7	Courtaulds	1,000	516	+3	MEPC	444	291	+3	Slough Ests	690	158	
Albert Fisher	2,400	69	+6	Dalgety	249	374	+½	Maxwell	282	273	+10	Smith (W.H.) A	404	399	
Allied-Lyons	2,300	578	-5	De La Rue	287	538	+6	Marks & Spencer	4,700	279	+5	Smith & Nephew	2,300	150	+2½
Amstrad	1,100	29		Dixons	1,600	190		Midland Bank	3,000	335	-2	SmKl Beecham	845	650½	+1½
Anglian Water	856	319	+6	ECC Group	9,600	506	+4½	Midlands Elect.	1,400	239	+10	SmKl Beecham Uts.	108	3865	+12
Argos	1,000	231	-1½	Eastern Elect.	629	203	+6	NFC	2,400	226	-2	Smiths Inds.	273	259	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

BUYING by independent traders, as they anticipated a hung parliament in this week's election, led to a squeeze in stock index futures, sending the June contract on the FT-SE sharply forward, writes Joel Kibazo.

The June contract kicked off two points ahead of its Friday close of 2,415, but quickly fell back to 2,411 on early selling orders. This turned out to be the low of the day and was only a temporary decline, before independent traders went on a buying spree as they took positions ahead of Thursday's UK general election, discounting the prospect of an outright winner in the contest.

By mid-afternoon, June had reached 2,442, the high of the day, but profit-taking thereafter caused a decline in the contract's advance.

June eventually closed at 2,429, a 28-point premium to the cash market and around 6 points above its estimated fair value premium to cash of about 22. Turnover at 7,033 was healthy.

The traded options market continued to witness good volumes, with 29,698 contracts traded. The FT-SE option was again busy, trading a day's total of 8,590 contracts. Among stock options, Barclays was active, with 5,786 contracts transacted.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Fri Apr 3 Index No.	Thu Apr 2 Index No.	Wed Apr 1 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (179)	771.76	....	8.01	6.18	16.33	10.84	771.44	776.08	775.67	881.70
2 Building Materials (22)	928.95	-0.3	6.86	6.82	20.35	10.30	931.82	936.17	929.87	1140.33
3 Contracting, Construction (28)	841.03	-0.7	7.82	8.39	19.58	9.16	846.87	854.36	854.01	1396.13
4 Electricals (8)	2333.31	+0.8	8.00	6.32	16.25	20.97	2315.69	2331.48	2326.05	2424.55
5 Electronics (29)	1737.07	....	10.37	4.89	12.23	3.46	1736.26	1733.09	1740.46	1863.84
6 Engineering-Aerospace (7)	332.73	+1.1	10.18	7.78	12.78	9.52	329.21	333.19	327.64	463.55
7 Engineering-General (44)	469.50	-0.7	9.05	5.02	13.68	6.61	472.72	478.70	480.50	467.31
8 Metals and Metal Forming (8)	307.91	+1.8	2.03	11.25	-	0.32	302.42	308.81	310.59	506.16
9 Motors (14)	300.80	-0.1	9.08	7.82	14.37	6.43	301.03	301.68	304.81	348.79
10 Other Industrial Materials (19)	1609.55	+0.2	7.38	5.15	16.57	32.10	1606.13	1613.72	1613.02	1574.36
21 CONSUMER GROUP (188)	1567.92	....	7.68	3.61	15.94	11.64	1567.02	1580.01	1584.42	1472.64
22 Brewers and Distillers (24)	1946.16	-1.1	8.30	3.74	14.50	16.70	1967.81	1977.85	1999.12	1779.89
25 Food Manufacturing (17)	1217.57	-0.3	9.00	4.31	13.86	17.10	1220.87	1222.70	1212.60	1208.53
26 Food Retailing (18)	2526.26	+2.1	8.73	3.35	14.89	6.04	2474.50	2518.38	2555.68	2824.07
27 Health and Household (24)	4116.20	....	6.64	2.56	17.10	23.22	4116.26	4167.52	4159.44	3266.59
29 Hotels and Leisure (20)	1225.82	-0.7	7.41	5.55	17.18	15.37	1234.48	1231.21	1231.34	1376.41
30 Media (25)	1489.13	+1.1	6.50	3.69	19.19	13.93	1473.27	1475.84	1473.22	1495.03
31 Packaging, Paper & Printing (17)	719.71	+0.5	7.47	4.59	15.76	9.89	715.85	714.63	723.98	677.86
34 Stores (33)	943.93	+0.2	7.82	3.83	16.98	2.45	941.79	955.95	959.42	926.65
35 Textiles (10)	646.18	+0.3	8.09	4.81	15.27	2.94	644.39	648.00	647.15	551.11
40 OTHER GROUPS (116)	1147.99	+0.7	10.57	5.75	11.93	13.44	1140.56	1150.08	1148.52	1225.86
41 Business Services (17)	1245.08	+0.5	8.03	5.08	15.91	11.81	1238.89	1254.79	1269.03	1217.93
42 Chemicals (22)	1437.81	+1.0	7.20	5.06	17.02	23.59	1423.88	1426.39	1439.17	1274.55
43 Conglomerates (11)	1285.89	+1.2	11.07	7.82	11.04	9.10	1270.14	1282.33	1274.80	1573.24
44 Transport (14)	2277.91	-0.9	5.77	4.99	23.30	26.14	2297.90	2309.28	2315.71	2215.34
45 Electricity (16)	1058.39	+0.8	16.60	7.02	7.86	17.21	1049.63	1054.68	1056.04	1154.71
46 Telephone Networks (4)	1284.23	+0.8	12.21	4.88	10.70	16.02	1274.20	1293.75	1282.54	1460.80
47 Water (10)	2186.50	+0.5	19.51	7.27	5.65	0.00	2175.40	2172.69	2196.37	2503.23
48 Miscellaneous (22)	1848.09	+0.6	6.49	5.33	20.35	20.93	1836.69	1855.12	1832.71	1937.38
49 INDUSTRIAL GROUP (483)	1234.67	+0.2	8.63	4.74	14.51	12.27	1231.76	1241.48	1242.62	1253.63
51 Oil & Gas (17)	1998.65	+3.2	9.32	7.11	14.17	41.53	1937.42	1952.61	1957.79	2391.72
59 500 SHARE INDEX (500)	1305.02	+0.5	8.70	4.99	14.47	14.49	1298.02	1308.25	1309.69	1350.79
61 FINANCIAL GROUP (87)	642.18	+0.8	-	7.05	-	15.02	637.33	647.88	650.31	838.51
62 Banks (9)	810.14	+2.4	5.33	6.74	37.38	22.89	790.95	807.07	811.82	930.08
65 Insurance (Life) (6)	1243.61	-1.8	-	7.14	-	43.02	1265.93	1289.36	1301.80	1557.19
66 Insurance (Composite) (7)	428.98	....	-	8.11	-	9.16	429.10	438.42	435.71	704.24
67 Insurance (Brokers) (10)	909.74	-1.1	8.47	7.37	15.59	20.48	919.87	925.86	904.32	1195.67
68 Merchant Banks (7)	408.01	-0.2	-	5.08	-	4.25	408.73	412.40	416.42	433.16
69 Property (33)	620.84	-0.1	9.26	7.31	14.79	3.43	621.72	627.08	633.86	1023.54
70 Other Financial (15)	222.10	-0.9	9.03	7.78	14.55	3.12	224.01	223.71	223.89	293.49
71 Investment Trusts (70)	1124.38	+0.7	-	3.95	-	10.96	1116.15	1125.95	1127.13	1213.40
99 ALL-SHARE INDEX (657)	1148.96	+0.6	-	5.19	-	14.27	1142.45	1152.58	1154.18	1225.31

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Year ago
FT-SE 100 SHARE INDEX♦	2400.9	+18.2	2404.4	2377.4	2382.7	2405.4	2408.6	2440.1	2452.9	2529.9

FIXED INTEREST

PRICE INDICES	Mon Apr 6	Day's change %	Fri Apr 3	Accrued Interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (27)	120.14	+0.05	120.08	2.27	2.88
2 5-15 years (25)	131.84	+0.04	131.78	2.03	4.09
3 Over 15 years (9)	140.88	-0.11	141.03	2.22	2.78
4 Irredeemables (6)	156.69	+0.16	156.44	3.64	1.50
5 All stocks (67)	130.56	+0.03	130.53	2.18	3.57
Index-Linked					
6 Up to 5 years (2)	169.81	-0.03	169.86	0.52	1.37
7 Over 5 years (9)	144.48	-0.04	144.53	0.83	1.20
8 All stocks (11)	146.84	-0.04	146.89	0.79	1.21
9 Debs & Loans (62)	112.92	-0.29	113.43	2.00	3.41

AVERAGE GROSS REDEMPTION YIELDS		Mon Apr 6	Fri Apr 3	Year ago (approx.)
British Government				
1 Low	5 years	9.41	9.42	9.22
2 Coupons	15 years	9.69	9.69	9.53
3 (0%-7¾%)	20 years	9.69	9.69	9.63
4 Medium	5 years	10.25	10.27	10.13
5 Coupons	15 years	9.80	9.79	9.94
6 (8%-10¾%)	20 years	9.73	9.72	9.89
7 High	5 years	10.47	10.48	10.27
8 Coupons	15 years	9.94	9.94	10.11
9 (11%-)	20 years	9.84	9.84	10.05
10 Irredeemables		9.87	9.89	9.93
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.87	3.85	3.71
12 Inflation rate 5%	Over 5 yrs.	4.60	4.59	4.11
13 Inflation rate 10%	Up to 5 yrs.	3.20	3.18	2.90
14 Inflation rate 10%	Over 5 yrs.	4.42	4.41	3.93
15 Debs &	5 years	11.51	11.47	11.85
16 Loans	15 years	11.22	11.17	11.64
17	25 years	11.02	10.97	11.44

♦Opening index 2377.6; 9 am 2381.9; 10 am 2388.8; 11 am 2389.1; Noon 2395.2; 1 pm 2395.6; 2 pm 2401.6; 2.30 pm 2404.4; 3 pm 2403.4; 4.10 pm 2400.6; (a) 2.39pm (b) 8.35am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

LONDON SHARE SERVICE

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		97⅞	+⅛	101⅝	92⅞	9.75	10.02
Exch 12¼pc 1999		109¾	+⅛	114⅞	105⅞	11.17	10.28
Treas 10½pc 1999		101⅞	+⅛	105⅞	97⅞	10.39	10.17
Conversion 10¼pc 1999		100⅞	+⅛	104⅞	95⅞	10.19	10.14
9pc 2000‡‡		94⅞	+⅛	99⅛	89⅛	9.50	9.96
Treas 13pc 2000		114⅞	+⅛	119⅞	110½	11.34	10.32
10pc 2001		99⅞	-⅛	104⅞	94⅞	10.02	10.03
14pc '98-01		115⅞	+⅛	120⅞	113⅞	12.12	10.51
9¾pc 2002		98⅞	+⅛	103⅞	92⅞	9.89	9.97
9¾pc 2002 C		98½	+⅛	103⅞	98⅞	9.77	10.00
10pc 2003		100⅞	-⅛	105⅞	94⅞	9.98	9.93
Treas 11½pc 2001-04		107⅛	-⅛	112⅞	102	10.74	10.25
Funding 3½pc '99-04		59⅞	-⅛	60⅞	53⅞	5.85	8.95
Conversion 9½pc 2004		97¼xd	-⅛	102⅞	90⅞	9.77	9.88
9½pc 2004 A		96⅛xd	—	102⅞	96⅞	9.88	9.89
9½pc 2005		97⅜xd	—	102⅛	90⅞	9.76	9.86
Treas 12½pc 2003-05		116½	-⅛	122⅞	111	10.73	10.05
8pc 2002-06‡‡		85⅞	-⅛	90⅞	79⅞	9.31	9.83
Over Fifteen Years							
Treas 11¾pc 2003-07		111⅞	-⅛	116⅞	105⅞	10.58	10.03
8½pc 2007 ‡‡		90⅛	-⅛	95	84⅞	9.43	9.75
8½pc 2007 A		90⅞	-⅛	94⅞	89⅞	9.43	9.75
13½pc '04-08		123⅞	-⅛	130⅞	118⅞	10.91	10.04
9pc 2008 ‡‡		94⅞xd	-⅛	99⅛	88⅞	9.56	9.70
8pc 2009		85⅞	-⅛	90⅞	80	9.32	9.69
Conv 9pc Ln 2011 ‡‡		93⅞	-⅛	99⅞	88⅞	9.58	9.68
9pc 2011 B		93⅞	-⅛	99⅞	93⅞	9.58	9.68
Treas. 9pc 2012		44⅞	-⅛	50¼	44⅞	9.57	9.67
Treas 5½pc 2008-12‡‡		69¼	-⅛	67¼	58⅞	8.70	9.64
7¾pc 2012-15‡‡		82	-⅛	87⅛	76⅞	9.45	9.71
Exch 12pc '13-'17		120⅞	-⅛	127⅞	113⅞	9.97	9.72
Undated							
Consols 4pc		40⅞	+⅛	42⅞	37⅞	9.98	-
War Loan 3½pc‡‡		35¼	+⅛	38⅛	33⅞	9.79	-
Conv 3½pc '61 Aft		59⅞	+⅛	61⅞	57¾	5.91	-
Treas 3pc '66 Aft		29¾	—	31½	28¼	10.08	-
Consols 2½pc		25⅞	—	26⅞	23¾	9.90	-
Treas. 2½pc		24¾	—	26½	23⅞	10.16	-

BRITISH FUNDS - Cont.

Index – Linked	Notes (b)	Price £	+ or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
Treas. 2pc '94	(102.9)	124¼	-⅛	124⅞	115⅞	2.88	3.88
2pc '96	(67.9)	180½	-⅛	181⅞	168⅞	3.31	3.90
2½pc '01	(78.3)	144¼	-⅛	147⅞	137⅞	4.14	4.45
2½pc '03	(78.8)	138⅞	—	142⅞	133	4.27	4.53
2pc '06	(69.5)	139⅞	-⅛	144	135	4.40	4.61
2½pc '09	(78.8)	128⅞	-⅛	131½	124⅞	4.45	4.64
2½pc '11	(74.6)	129¾	-⅛	135⅞	128⅞	4.45	4.63
2½pc '13	(89.2)	106⅞	-⅛	111⅞	105⅞	4.46	4.62
2½pc '16	(81.6)	112⅞	-⅛	118⅞	112⅞	4.44	4.60
2½pc '20	(83.0)	107⅞xd	-⅛	113⅞	107⅞	4.44	4.58
2½pc '24‡‡	(97.7)	88⅞	-⅛	95¼	88⅞	4.43	4.56

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1991: 133.8 and for February 1992: 136.3.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		106⅞	—	111½	95⅞	10.78	10.35
Asian Dev 10¼pc 2009		100⅞	—	105⅞	91⅞	10.33	10.19
B'ham 11½pc 2012		103¼	—	106½	100½	11.33	11.10
Ireland Cap 8½pc '10		91	—	99¼	88½	8.90	-
9pc Cap 1996		92⅝	—	98¾	92	9.17	-
13pc '97-02		108⅝	—	116½	108⅝	11.35	-
Hydro Quebec 15pc 2011		131½	-⅛	137½	120⅞	15.8	11.00
Int-Am Dev 12½pc 2003		113⅞	+⅛	118⅞	105⅞	11.09	10.40
9¾pc 2015		95⅞	—	101⅞	86⅞	10.37	10.23
Leeds 13½pc 2006		116¼	—	118½	110½	11.89	11.21
Liverpool 3½pc Irred		31	—	31¼	28	11.87	-
LCC 3pc '20 Aft		27½	—	28	28	11.11	-
Manchester 11½pc 2007		103½	+¼	107¼	97½	11.27	11.02
Met. Wtr. 3pc 'B'		54½	+¼	55¼	52	5.77	9.88
N'wide Anglia 3⅞pc 2021		103¼	—	105¼	102	-	5.65
4¼pc IL 2024		103¼	—	107⅞	103¼	-	5.35
Utd Mex States 16½pc 2008		121½	—	126	101	13.33	13.24

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £10.86/MWh becomes 1.086p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	34½xd	-⅝	36⅞	20⅞	14,778	2.0
♥Allegheny & W	295p	—	385p	218p	153.3	5.7
Amdahl	918p	+40	1159p	667p	1,019	0.6
Amer Cyanamid	35¼	-⅛	42⅛	25⅜	3,287	2.4
Amer Express	12¾xd	-⅛	17⅞	9⅞	5,987	4.4
Amer T & T	24xd	+½	24½	15¾	31,240	3.1
Ameritech	33	—	38⅝	32½	14,448	6.0
BankAmerica	23⅞xd	-⅜	26⅝	12⅞	5,095	3.1
Bankers NY	30⅛xd	-1⅛	38⅞	20⅞	2,475	9.1
Bell Atlantic	23⅛	—	30½	23¼	9,340	6.0
BellSouth	25½	—	31¼	25	12,368	6.1
♥Bethlehem Steel	8xd	-⅛	11¼	6⅛	609.8	—
Bowater	1384pxd	-13	1639p	1042p	487.1	4.9
CPC	48⅝xd	-⅛	54⅞	37⅞	3,889	2.8
California Engy	788p	—	938p	420p	128.9	—
Campbell Soup h	20⅞	-⅛	25	14⅛	5,186	1.9
Chase Manhattan	12⅞xd	-⅛	14⅞	5⅞	1,742	5.3
Chrysler	9⅞xd	-⅛	10⅝	5⅛	2,888	3.4
Citicorp	8⅞xd	-⅛	18⅝	4⅝	3,870	—
Colgate-Palm	27⅜xd	-⅛	28⅞	21⅞	4,817	2.2
Cont'l Bank	546p	-25	597p	438p	956.0	3.8
Dana	21⅞xd	-⅛	23⅛	13⅝	899.2	4.1
Data General	505p	-20	1262p	203p	140.6	—
Dial	21⅝xd	-⅛	24½	7⅞	858.6	2.9
Dun & Brad	31⅝	+⅛	30½	20⅞	5,643	3.8
Eaton	40⅞	-1	45½	24¼	1,387	3.0
Echlin	9⅞xd	-⅛	11	5½	655.0	4.0
FPL	19⅞xd	-⅛	20⅛	14⅞	3,241	7.1
Fluor	21⅛xd	-⅛	30⅞	17⅞	1,723	1.1
Ford Motor	22⅞xd	-⅜	23⅞	13	10,769	2.5
Gen Elect	42⅞xd	-1	46⅞	38⅞	37,165	2.7
♥General Host	497p	—	566p	270p	—	4.1
Gillette	27⅞xd	-⅛	45¼	20⅞	6,108	1.2
Hasbro h	13⅛	—	16	5⅞	1,182	0.5
Honeywell	41⅛xd	-⅛	43	21⅛	2,888	2.3
Houston Inds	24⅛	—	24⅞	17⅞	3,158	6.8
IBM	46⅞xd	-⅛	72⅞	46	28,747	5.8
Ingersoll-Rand	33⅛xd	-1⅛	38⅞	16⅞	1,723	2.2
Lockheed	25⅞	+⅛	28⅛	16⅝	1,636	4.4
Loews	2129p	-44	2478p	1245p	775.2	1.5
Merrill Lynch	30⅝xd	—	39⅞	10⅞	3,143	1.8
Morgan (JP)	31½xd	-⅛	38½	21⅞	5,949	3.9
Morris (Philip)	44⅞xd	+⅛	45⅞	25⅞	48,967	2.7
NYNEX	40⅛	-⅛	48⅞	39	8,164	6.5
♥Pac Agric	42p	—	89p	15p	—	—
Pall	14⅝	—	17⅞	10⅞	1,283	1.4
Pennzoil	26⅞xd	+⅞	46½	25⅝	1,053	6.5
Quaker Oats	30⅞xd	-1⅛	40⅞	24⅞	2,327	3.2
Rockwell	13⅞xd	-⅛	17⅛	12⅛	3,895	1.9
Rep NY	23⅛	-⅛	27⅞	16½	1,289	2.4
Sears, Roebuck	25⅞xd	-1⅛	28	12⅞	8,903	4.4
Sthwestern Bell	33⅛	—	35⅞	25⅝	9,932	4.8
Sun Co	15⅞xd	-⅛	20⅛	14⅝	1,637	6.7
Tenneco	21⅝xd	-⅛	27½	14⅞	2,648	4.2
Texaco	33⅛xd	+⅛	40½	29⅞	8,723	5.3
Time Warner	57⅞xd	-1⅛	64½	37⅞	5,303	1.0
♥Unilab	468p	—	567p	250p	427.3	—
Utd Tech	29⅞xd	-½	31½	22⅛	3,633	3.4
♥Utilitech	120p	—	120p	42p	—	—
♦URS Intl 1c	0¾p	+⅛	1½p	0⅛p	2.38	—
US West	19⅛	—	23	18⅛	7,966	6.1
Varity	760p	-3	1410p	578p	189.7	—
Waste Manage	21⅞xd	+⅛	26	16⅝	10,341	1.1
Whirlpool	2502pxd	-2	2701p	1053p	1,739	2.5
♥Woolworth	16⅞	-⅛	20⅞	12⅛	2,192	3.6

CANADIANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
♥Abbot Energy	2p	—	11p	1¼p	—	—
Amer Barrick	1455p	—	1642p	953p	1,987	0.3
Bk Montreal	20⅞	—	23⅛	13	2,508	5.5
Bk Nova Scot	989p	-12	1178p	536p	1,988	4.7
♥BC Gas	639p	—	870p	639p	—	3.9
BCE	22	-⅛	24½	17¼	6,810	7.0
♥Brascan	790p	-7	1050p	647p	651.6	7.1
♥Breakwater	29p	—	36p	6p	18.4	18.6
Can Imp Bk	1399p	-13	1818p	1180p	2,553	5.1
Can Pacific	790p	-13	1100p	756p	2,516	0.3
4pc Deb	35	—	37	30	18.4	11.4
♥Derlan	278p	—	483p	246p	—	5.4
♥Echo Bay	368p	—	628p	356p	388.9	1.3
♥ECO	27p	—	191p	11⅞p	—	—
Granges	51p	—	89p	48½p	11.1	—
♥Gulf Can	374pxd	+10	520p	219p	576.1	5.8
♥Hawker Sid	12	+⅛	14½	10	98.3	4.9
♥Hudson's Bay	1485p	-44	2013p	876p	419.7	3.1
♥Imperial Oil	19⅛xd	+⅛	29¼	18	3,731	5.0
Inco	16⅞xd	+¼	23⅛	12½	1,698	3.3
♥Int Corona	347p	—	552p	316p	571.6	1.5
♥Muscocho	3p	—	4⅞p	3p	—	—
♥N A Tire Recycling	51p	-4	59p	34½p	1.79	—
Nova Corp Alberta	357pxd	+5	484p	308p	1,070	3.7
♥Rio Algom	863p	—	1091p	701p	377.4	5.0
Royal Bk Can	1158p	+11	1450p	1022p	3,567	5.4
♥TVX Gold	169p	—	250p	153p	27.4	—
♥Tam Pure	2p	—	15p	1p	—	—
Toronto-Dom	796p	-7	1048p	736p	2,396	5.4
♥Trans Can Pipe	784p	-14	979p	719p	1,217	4.9

BANKS

Notes	Price	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	£14⅛	—	£14¾	£9⅞	3,724	6.4	♦
ANZ A$ g	178	+6	199½	119½	2,177	4.9	13.6
■Abbey National q	270	+7	311	211	3,539	5.2	8.5
■Allied Irish I£ t	162	+4	183	126	1,057	5.7	11.8
■Anglo Irish I£ q	40	—	60½	40	48.1	10.0	5.8
Banco Bilbao Pta	£15⅝	—	£19⅝	£12½	3,608	5.2	7.1
Banco de San Pta	£30⅛	—	£30⅞	£21⅞	3,345	4.4	8.6
■Bk Ireland I£ th	144	+9	173⅛	115⅞	579.3	7.3	23.6
Bank Leumi Shk	£19#	—	£19½	£19	130.8	—	—
Bank Leumi (UK)	348	—	350	340	25.4	6.3	—
■Bank Scotland th	101	+2	126	91	1,159	5.6	22.0
9¼pc Pf	104⅞	—	115	96½	104.8	11.8	—
9¾pc Pf	110½	—	115½	99½	110.5	11.8	—
■Barclays q	294	+7	489	285	4,786	9.6	50.9
Dai Ichi Kan Y t	£10⅞	—	£11⅞	£7⅞	32,374	0.4	73.1
Deutsche DM	£250½	—	£255⅝	£191⅞	11,616	2.1	—
Espirito Santo Pta	£20⅞	—	£21⅝	£16⅞	221.8	2.0	9.6
Fuji Bank Y t	605	—	1282	605	17,518	‡	37.5
HSBC HK$	279	-2	336	174	4,548	4.9	—
Kyowa Sait Y	306	—	585	305	7,078	1.0	28.7
■Lloyds	355	+7	427½	269	4,451	6.3	13.1
■Midland ♦	335	-2	368	150	2,629	1.4	♦
Mitsubishi Y ‡	£6⅞	—	£13⅞	£6⅞	18,334	‡	38.8
Mits Tst & Bk Y	£3¼	—	£8⅝	£3¼	4,883	1.0	7.9
Mitsui Taiyo Kobe is now Sakura							
Mitsui Tst & Bk Y	376	—	696	376	4,604	1.0	17.8
Nat Aust A$	318	+1	383	207	3,942	6.1	11.8
■NatWest	265	-12	357½	246	4,340	8.8	—
Ottoman	£158	—	£207½	£100	75.0	8.1	♦
■Ryl Bk Scotland	154	+3	211	144	1,196	7.6	41.9
Sakura Y	£3½	—	£9	£3½	11,598	1.1	30.0
Sanwa Y	£5	—	£10⅞	£5	14,497	0.8	26.1
Sec Pacific $ ♦	£20½	-⅛	£23⅛	£9⅞	2,689	—	—
■Standard Chartd q	435	+5	470	205	1,019	6.1	9.0
Sumitomo Y th	£5⅛	—	£11½	£5⅛	16,881	0.7	19.8
Sumitomo Tst Y	£3½	—	£7⅞	£3½	4,351	1.1	21.0
■TSB	126	+4	165	111	1,900	6.8	—
TSB Ch nel Is L	142	—	159	112	20.9	6.1	4.8
Tokai Y	£3½	—	£7⅞	£3½	7,098	1.1	33.8
Toyo Tst & Bk Y	349	—	798	346	2,719	1.1	26.5
Westpac A$	161	+2	224	128	1,368	7.3	12.4
Yasuda Tst Bk Y	312	—	817	312	3,441	1.2	22.0

BREWERS & DISTILLERS

Notes	Price	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
■Allied-Lyons t	578	-5	712	460	5,058	4.3	13.7
Anheuser-Busch $	£32⅞	-⅛	£34⅞	£20⅝	9,112	2.0	—
■Bass h	518	-2	581	441	4,478	4.6	11.3
■Boddington	147xd	-1	190	124	158.1	6.0	♦
Bulmer (HP) t	259	—	291	173	135.2	4.3	14.5
■Burn St Dvs R	142	—	157	140	84.2	4.7	11.0
Burtonwood	119	—	143	98	24.8	4.8	6.9
■Devenish (JA)	240	—	252	135	129.0	3.5	17.1
4½pc Cv Pf	178	—	184	100	13.4	3.4	—
♦Eldridge Pope A	90	—	120	83	17.5	3.9	20.7

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

STORES

[illegible]

MINES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

MINES - Cont.

[illegible]

Notes	Price	+or-	1991/92 high	low	Mkt Cap£m	Yld Gr's
[illegible]						
‡‡Kells Mnls IE	36	—	45	32	0.87	–
♣Kenmare	4½	—	25	3½	4.32	–
‡‡Navan Res IE	25	—	28	15	9.95	–
Northgate Expl C$ s	39	—	99	37	4.92	–
North West Expl A$	3	—	16	2	1.81	–
Oryx Gold $	51	—	188	51	–	–
‡‡Ovoca Res IE	6	—	23	5½	0.42	–
Plateau	8½	–½	44	8½	3.87	–
RTZ q	570	+3	605	404	5,785	4.8
♣Vizcaya	1	—	19	1	0.53	–
♥Western & Pac C$	34	—	152	7	18.7	–
♣Young Grp	6	+2	133	4	0.99	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
● "Tap Stock."
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue
ϕ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue
H Yield based on prospectus or other official estimates for 1991
K Yield based on prospectus or other official estimates for 1992-93.
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other offical estimates for 1991
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figure assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xâ ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge Middx UB8 1RZ 0895 259783

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	117.3	118.5	124.8	-0.50	0.00
AIB Grofund Equity	5	162.4	164.5	174.1	-0.80	1.65
AIB Grofund Euro	5	136.0	137.8	145.1	+0.60	0.71
AIB Grofund Gilt	3	68.41	68.45	70.57	-0.15	8.63
AIB Grofund Japan	5	105.8	107.0	112.6	-0.60	0.00

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	115.4	115.4	122.4	-0.1	8.46
High Inc Equity	6	114.1	117.2	124.6	-0.2	6.82
Worldwide Bond	6	220.4	220.4	233.6	-0.1	6.09
Capital Growth						
American Growth	6	205.2	205.2	219.4	-2.6	1.02
Asian Pacific	6	137.7	140.6	149.5	-0.8	1.43
Assets & Earnings	6	170.6	170.6	192.4	-0.9	3.35
Capital Reserve Acc	0	113.4	113.4	113.4	-0.1	7.91
Capital Reserve Inc	0	83.88	83.88	83.89	-0.05	7.92
Comdty & Energy	6	67.23	67.23	71.90	-0.14	1.47
1992 Enterprise	6	65.40	65.40	69.94	-0.09	3.12
Euro Capital Acc	6	92.11	92.11	98.51	+0.47	1.06
Euro Capital Inc	6	87.24	87.24	93.30	+0.45	1.07
General	6	156.1	156.1	166.9	-0.2	3.48
Japan	6	74.07	74.07	79.21	+0.20	-
Mastertrust	6	84.75	84.75	90.64	-0.15	2.59
UK Growth Acc	6	156.2	162.8	173.1	-1.1	2.66
UK Growth Dist	6	97.95	102.8	109.3	-0.7	2.72
US Emerging Cos	6	77.98	77.98	83.40	-1.0	-
Income & Growth	6	274.6	274.6	293.6	-0.9	4.77
Ethical	6	50.60	51.97	55.28	-0.09	3.29
International	6	59.73	60.60	64.46	-0.09	1.64
Dividend & Growth	6	43.29	44.37	47.20	-0.03	6.36
Global Gwth & Sec	6	53.27	53.57	56.98	+0.01	2.70

Aberforth Unit Trust Managers Ltd (1600)F

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St London EC1A 9DE 071-236 6441

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5½	111.9	111.9	119.6	-0.9	3.71
Dolphin Dividend	5½	53.77	53.77	57.50	+0.09	6.50
Dolphin Int Gen & Inc	5½	151.0	151.0	161.4	-0.3	4.56
Dolphin UK & Gen	5½	34.36	34.36	36.74	-0.11	2.30
Dolphin Fund of Funds	5½	45.63	47.09	50.36	-0.24	1.88

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	72.83	73.74	78.87	+0.32	2.87
Do (Accum)	6	78.60	79.58	85.12	+0.34	2.87
Smaller Cos	6	60.87	60.87	65.10	-0.21	1.97
Do (Accum)	6	64.65	64.65	69.14	-0.22	1.87
Higher Yield	6	29.24	29.24	31.27	-0.21	5.25
Do (Accum)	6	38.49	38.49	41.16	-0.28	5.25
American Gth Inc	6	40.30	40.30	43.10	-0.32	0.00
Do (Accum)	6	41.06	41.06	43.92	-0.32	0.00
European Growth	6	86.78	86.78	92.82	+0.50	2.15
Do (Accum)	6	86.78	86.78	92.92	+0.50	2.15
Global Bond Inc	6	23.03	23.09	24.68	-0.02	5.16
Do (Accum)	6	27.59	27.66	29.57	-0.02	5.16
Managed P'folio Inc	6	25.61	25.89	27.69		0.09
(Do Accum)	6	25.81	25.89	27.69		0.00
Pacific Growth Accum	5½	67.14	67.14	71.79		1.12
Intl Sect Opps Accum	5½	61.73	61.73	66.01		0.85

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412252

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	74.00	74.00	78.81	-0.02	2.64
Mngd P'folio Acc	6	137.4	137.4	146.3		-
UK General	6	111.2	111.2	118.4	-0.90	4.28
Conv & General	6	15.96	15.96	17.00	+0.06	9.08
European Inc	6	21.04	21.04	22.66	+0.05	0.50
European Acc	6	21.61	21.61	23.27	+0.05	-
Financial	6	83.19	83.19	88.60	-0.52	2.17
Foundation	6	57.34	58.88	62.71	-0.19	4.47
German	6	36.85	36.85	39.63	-0.12	0.10
Growth Inc	5	22.76	22.79	24.27	-0.03	3.81
Growth Acc	5	25.90	25.93	27.62	+0.01	-
High Income	6	52.49	52.48	56.15	-0.24	7.09
Income	6	87.75	87.75	93.72	-0.11	5.76
Intl Income	6	70.82	70.82	75.42	-0.91	6.59
Intl Growth	6	28.00	28.00	29.82	+0.03	0.36
Monthly Income	6	51.05	53.19	56.64	+0.20	5.95
North American	6	84.19	84.19	90.08	-0.23	0.24
Orient	6	76.46	76.46	82.27	+0.44	-
Recovery	6	26.99	26.98	28.73	-0.01	4.11

Manulife Management Ltd (1200)F
St George's Way, Stevenage Dealings 071-256 5858

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5½	126.2	126.2	135.8	+0.6	3.93
Gilt & Fxd Int	5	148.0	148.0	156.9	-0.1	8.28
Intl Growth	5½	138.1	138.1	148.1	-0.2	0.62
North American	5½	106.2	106.2	114.1	-0.6	0.77
Far East	5½	129.0	129.0	138.0	-0.6	1.08
UK Smaller Cos	5½	99.22	99.22	106.1	-0.6	2.59
European	5½	54.43	54.43	58.09	+0.39	0.91
Japanese Growth	5½	27.03	27.03	28.88	+0.07	0.00
Managed P'folio	5½	46.89	46.89	50.22	+0.09	1.76
High Income	5½	127.8	127.8	136.7	+1.4	6.61

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9DS 0244 680066

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
M & S Inv P'folio	5½	106.9	107.3	114.7	+0.3	3.17
Do Accum	5½	116.1	116.5	124.5	+0.2	3.17
UK Sel P'folio	5½	88.26	89.11	95.31	+0.33	4.52
Do Accum	5½	95.55	96.40	103.1	+0.3	4.52

N&P Unit Trust Management Ltd (1200)F (part)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
N&P UK Income	5	76.83	77.92	83.34	+0.87	5.88
N&P Gilt & Fixed Int	5	63.77	63.77	67.49	+0.00	8.56
N&P Higher Income	5	134.10	140.00	148.60	+0.20	6.76
N&P Smaller Co's	5	53.12	54.77	58.58	-0.06	2.95
N&P International	5	71.32	71.32	76.27	+0.18	2.79

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NPI American Acc	5	79.58	79.94	85.04	-0.58	0.49
NPI American Dist	5	73.76	74.09	78.82	-0.54	0.49
NPI European Acc	5	73.52	74.10	78.83	+0.49	0.24
NPI European Dist	5	71.35	71.90	76.49	+0.47	0.24
NPI Far East Acc	5	99.4	100.0	106.4	-0.25	0.64
NPI Far East Dist	5	97.9	98.6	104.8	-0.23	0.64
NPI Global Dist	5½	50.74	50.91	54.45	-0.29	2.64
NPI O'seas Acc	5	889.7	895.1	952.2	+0.70	0.95
NPI O'seas Dist	5	688.6	692.8	737.0	+1.10	0.95
NPI UK Acc	5	464.5	468.5	498.4	+1.40	3.67
NPI UK Dist	5	251.9	254.1	270.3	+0.70	3.67

National Provident Inv Mgrs Ltd – Contd.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NPI Extra Inc Dist	5½	50.19	50.64	54.16	-0.04	4.12
NPI UK Spec Opp Acc	5½	51.61	52.33	55.97	-0.02	3.43
NPI W'wide Acc	5	81.58	84.08	89.45	-0.71	0.03
NPI W'wide Dist	5	78.16	80.57	85.71	-0.68	0.03
NPI W'wide Inc Dist	5½	49.72	51.19	54.74	-0.14	4.89

For National & Provincial UT Mngrs see N&P UT Mngmt

Newton Fund Mngrs Ltd (1200)F
2, London Bridge, SE1 071-407 4404

Marlborough Fund Managers Ltd (1630)F
7 Victoria Square, Bolton, BL1 1LA 0204 364842

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	51.79	51.79	55.10		5.60

Martin Currie Unit Trusts Ltd (0905)H
Saltire Crt, 20 Castle Terrace, Edinburgh 031 479 4646

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5½	92.84	92.84	98.55	-0.4	0.82
Income & Growth	5½	57.24	57.24	60.76	-0.84	5.19
European	5½	57.55	57.55	61.09	+0.01	1.24
North American	5½	40.52	40.52	43.01	-0.05	0.75

Save & Prosper Group (0900)H
16–22 Western Rd, Romford RM1 3LB
Capital Hse, 2 Festival Sq., Edinburgh EH3 9SX
(Romford) 0708-766966 or (Edin) 031-228 4388

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Gwth	5½	55.06	55.06	58.57	-0.40	5.47
Amer Smllr Cos	5½	65.29	66.21	70.45	-0.37	-
Capital	5½	109.7	109.7	116.7	-0.2	2.04
Cash	0	111.3	111.3	111.5	+0.1	9.92
Commodity	5½	75.83	75.83	80.67	-0.96	1.72
Eastern Discovery	5½	60.09	61.49	65.41	-0.12	0.45
Energy Inds	5½	64.44	64.44	68.55	-0.63	0.98
European Gwth	5½	129.9	130.1	138.3	-0.1	1.32

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071–379–0444.

For Bishopsgate Progressive see St James's Place

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	286.6	286.6	306.1	-3.3	0.75
(Accum Units) ♥	5	337.3	337.3	360.3	-3.9	0.75
British	5	749.1	767.7xd	812.2	-2.4	6.16
(Accum Units)	5	1256.3	1287.4	1362.1	-4.0	6.16
European	5	343.9	343.9	365.4	+0.3	1.38
(Accum Units)	5	372.8	372.8	396.1	+0.3	1.38
Japan	5	94.08	94.08	100.1	+0.3	-
(Accum Units)	5	94.83	94.83	100.9	+0.3	-
New Pacific	5	195.8	195.8	209.4	-1.2	1.65
(Accum Units)	5	201.1	201.1	215.1	-1.2	1.65
PEP Apr 1	5	142.1	143.6	152.0	....	4.03
Mngd Equity	5	120.5	121.8	128.9	-0.7	2.88
Mngd Equity Acc	5	127.9	129.2	136.8	-0.7	2.88
Mngd Cash	0	95.48	95.48xd	95.48	+0.08	10.02
(Accum Units)	0	119.9	119.9	119.9	+0.10	10.02
Majority Stlg	1	99.52	99.52xd	100.52	+0.06	9.80
Majority Stlg Acc	1	110.27	110.27	111.38	+0.07	9.80
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International Mar 13	0	50.61	50.61	51.01	....	12.69
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham 0403 232323						
Equity	6	569.5	577.5	617.7	+1.3	3.36
North America	6	83.82	83.82	89.65	-1.06	0.32
Far East	6	84.09	84.09	89.90	+0.10	0.60
W'wide Bond	6	47.57	47.57xd	50.61	+0.10	5.81
European	6	69.42	69.42	74.25	+0.57	1.60
Equity Income	6	61.41	61.41	65.68	+0.16	6.93
Portfolio	6	56.52	56.52xd	60.45	+0.06	2.48
Broker Trusts						
Worldwide Growth	6	47.00	47.00	50.00	....	2.23
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants 0800 525725						
American Growth	6	26.84	26.84	28.71	-0.08	0.60
Managed Assets	6	96.72	97.36	104.13	+0.21	4.35
UK Income	6	28.99	29.31	31.35	+0.05	5.19
UK Growth	6	29.12	29.48	31.94	+0.16	4.08
Worldwide Growth	6	23.41	23.41	25.04	+0.01	1.00

	Bid Price	Offer Price	+ or -	Yield Gross
M & G Securities Ltd				
Charibond Apr 3	101.23		+0.1	10.65
(Accum Units)	613.05		+0.4	10.65
NAACIF Mar 31	39.75		....	9.75
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Mar 31	125.1	134.6	....	2.01
UK Small Co † Mar 31	499.5	549.6	....	3.65
Fixed Interest † Mar 31	111.0	116.7	....	8.58
US Small Co Mar 31	172.3	184.2	....	0.00
Managed Mar 31	106.6	114.1	....	3.49
Intl Bond Mar 31	121.6	128.3	....	10.00
Japan Mar 31	61.81	65.91	....	4.45
European Mar 31	92.24	98.68	....	1.72
Nth American Mar 31	120.4	129.4	....	1.23
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Apr 1	55.96	58.21	....	1.78
Euro Expt Apr 1	54.29	57.01	....	2.24
Fixed Int Ex Apr 1	46.75	47.91	....	9.08
Japan Expt Apr 1	37.77	39.29	....	0.84
Managed Ex Apr 2	43.35	45.09xd	-0.46	4.41
SE Asia Expt Apr 1	76.59	80.42xd	....	2.48
Sm Cos Expt Apr 1	34.48	36.21	....	3.69
UK Eqty Ex Apr 1	42.19	44.30	....	4.09
Phillips & Drew Fund Management Ltd				
Small Co's Mar 4	656.40	698.79	....	4.04
Do Accum	761.49	810.61	....	4.04
Intl Expt Apr 2	187.04	191.12xd	-2.44	1.49
UK Index Mar 4	1135.99	1158.06	....	4.53
Do Accum	1258.92	1273.91	....	4.53
Convertible Mar 30	94.36	97.51	....	8.34
World ex UK Index Mar 31	762.35	771.32	....	2.03
Do Accum	762.35	771.32	....	2.03
Japan Index Mar 31	477.26	484.54	....	0.86
Do Accum	479.15	486.45	....	0.86
USA Index Mar 31	1098.50	1106.66	....	2.81
Do Accum	1103.34	1118.80	....	2.81
European UK Index Mar 31	915.92	930.06	....	3.06

INSURANCES

OTHER UK UNIT TRUSTS

Citibank Life — Perrymount Road, Haywards Heath 0444 414111

Equitable Life Assurance Society — Walton St, Aylesbury Bucks HP21 7QW 0296 393100

Henderson Administration(z) — 3 Finsbury Ave, London, EC2 M2PA 071-638 5757

Lifetime Assurance Co Ltd — Bank Hse, St John's Rd, Harrow HA1 2EE 081-861 5999

NEL Britannia Assce Co Ltd — Milton Court, Dorking, Surrey 0306 880077

Continued on next page

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	Bid Price	Offer Price	+ or –	Yield Gross
Norwich Union Life Insurance Soc.–Contd.				
Pensionmaster* & Unit-Linked Plus*				
Mixed Fund	433.2	456 0	–2.2	–
Ordinary Share Fund	646 6	680 6	–2 0	–
International Fund	170 0	178 9	–2.2	–
Property Fund	258.3	271 9	–1 4	–
Fixed Interest Fund	388 8	409.3	–1.4	–
Index-Linked Sec Fund	187 6	197 5	–0.7	–
Deposit Fund	278 9	293 6	+0 4	–
Norwich Units Mar 14	1048 63		.	–
*Prices as at April 3				
Jersey Investment Plan				
With Profits Fund	123 28	129 76	+0 10	–
Intl Equity Fund	91 09	95 89		–
Intl Bond Fund	120 82	127 17	+0.10	–
Norwich Union Pensions Management Ltd				
Surrey Street, Norwich NR1 3NG 0603 683335				
Group Pooled Pensions				
Balanced Managed Fd	304 41	309 74	–1 78	–
Growth Managed Fd	100 46	102.33	–0 73	–
Sentinel Managed Fd	100 86	102.29	–0 48	–
Prices as at April 2				
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA 0733 63212				
Prop Dist (Gross)	134 0	141 1	+0 1	–
Prop Acc (Gross)	255 4	268 9	+0 2	–
Equity (Gross)	820 9	864.1	–0 3	–
Managed (Gross)	578 0	608 4	–0 3	–
Prop Acc (Net)	122 0	128 4	+0 1	–
Equity (Net)	191 4	201 4	–0 1	–
Managed (Net)	178.9	188.3	–0 1	–

	Bid Price	Offer Price	+ or –	Yield Gross
Provident Mutual Life Assc. Assn.–Contd.				
Fixed Interest Ord	215 2	226.5	–0 1	–
Fixed Interest Init	158 2	166.5	–0.1	–
Deposit Ord	184 1	193 8	+0 2	–
Deposit Init	135.3	142.4	..	–
Pension Funds				
Managed Ord	441.1	464.3	+1	–
Managed Init	324.3	341 4	+0.8	–
Equity Ord	656.1	690 6	+3.1	–
Equity Init	482.3	507 7	+2 1	–
Pen Ind Lnd Gilt Ord	177 6	186 9	..	–
Pen Ind Lnd Gilt Init	136 4	143 6	–	–
Overseas Equity Ord	309 6	325.9	–0.4	–
Overseas Equity Init	227 6	239 6	–0.3	–
Property Ord	278 7	293 4	+0.2	–
Property Init	204.9	215 7	+0 1	–
Fixed Interest Ord	272.6	286 9	–0.2	–
Fixed Interest Init	200 4	210 9	–0.3	–
Deposit Ord	262.7	276.5	+0.2	–
Deposit Init	193 2	203.4	+0 1	–
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed Mar 11	251 6	262.11	..	–
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP 071-548 3281				
Prudential Managed Funds				
Discretionary Mar 02	£178.65	184.17	..	–
Equity Mar 02	£200 63	207.52	.	–
International Mar 02	£27 71	28 29	.	–

Scottish Amicable
150 St Vincent St, Glasgow

Life Funds (First Series)

[illegible]

Sun Alliance Group

[illegible]

Wesleyan Assurance Society

[illegible]

Providence Capital International Ltd – Contd.

[illegible]

J. R. Ward Financial Services Ltd

[illegible]

Rothschild Asset Management – Contd.

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Citibank – Contd.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity Funds						
Global Equity			16.718			-
Japan Equity Apr 2			¥7,160			-
European Equity			15.193			-
US Em Hlth Apr 6			$23.915			-
US Em Tech Apr 6			$29.969			-
Oilcare Apr 6			$36,495			-
Bond Funds						
Global Bond			16.208			-
GNMA Bond Apr 6			$14.040	14.645		-
HYB (A) Apr 6			$96246.493			-

EBC Trust Company (Jersey) Ltd

EBC Asset Traded Currency Fund Ltd*

	Bid Price	Offer Price	+ or -	Yield Gr's
Income	$15.23	15.697xd	+0.011	2.74
Capital	$23.71	24.431	+0.031	5.50

*Offer price includes 3% prelim. charge

International Income Fund

	Bid Price	Offer Price	+ or -	Yield Gr's
Enrolled Long Term*	$32.81	34.2999		4.93

* Offer Price includes 3½% Initial Charge

Equitilink International Mngt Ltd

First Aust. Prime Inc Inv Co Ltd NAV Apr 2 C$12.76xd

First Aust Prime Inc Inv Co Ltd NAV Apr 2 US$10.69xd

NAV Diluted to reflect exercise of all Wrrts C$12.44xd US$10.43xd

Fidelity Investment (CI) Ltd

	Bid Price	Offer Price	+ or -	Yield Gr's
Sterling American	£2.449	2.578	-0.009	-

Fleming Group

Robert Fleming Management (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gr's
Deutschland Inv Co NAV	DM16.53		(z)	-

Foreign & Colonial Mngt (Jersey) Ltd

Foreign & Colonial Reserve Asset Fd Ltd

	Bid Price	+ or -	Yield Gr's
US$ Cash	$10.64	+0.01	-
Multicurrency Cash	$16.63	+0.21	-
Sterling Cash	£11.72	+0.01	-
US$ Bonds	$14.64	+0.06	-
Multicurrency Bonds	$19.35	+0.11	-
Sterling Bonds	£12.64		-
D Mark Bonds	DM10.38	+0.02	-
Ecu Bonds	Ecu11.59	+0.01	-

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Alliance Capital

	Bid Price	Offer Price	+ or -	Yield Gross
International	$14.14	14.96	+0.09	-
International Class B	$14.01	14.01	+0.09	-
Quasar	$21.26	22.50	-0.26	-
Quasar Class B	$21.05	21.05	-0.26	-
Global Small Cap	$10.42	11.03	-0.08	-
Global Small Cap Class B	$10.32	10.32	-0.08	-
Canadian Fd	$5.04	5.33	+0.02	-

Alliance International Currency Reserves

US$ Reserves Mar 27-Apr 3 0.000078613 (2.87%)

Global Asset Management – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
GAM [illegible]	$100.00			-
GAM Overseas	$127.01			-
GAM Pacific	$536.56			-
GAM Pacific Basin Fd	$121.36			-
GAM Restructuring	$153.42			-
GAM Selection	$497.02			-
GAM Singapore/Malaysia	$247.92			-
GAM SFr Special Bond	SFr107.68			-
GAM Tokyo Fonds	DM98.00			-

Orbis Investment Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Orbis Global Eqty	$12.70	13.35		-
Orbis Optimal Eqty	$17.73	18.63		-
Orbis Leveraged Eqty	$19.86	20.99		-

* Prices on Apr 2 Next Pricing Apr 9 Weekly Pricing

Orbitex Bahamas Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Orbitex Nat Res Fd	C$7.5769	8.3346		-
Orbitex Growth Fund	$6.8711	7.5582		-
[illegible]	$4.8525	5.3378		-

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Escudo makes firm debut

Uneasy calm reigned over the UK foreign exchanges yesterday, with most activity centred on the smaller European currencies, Emma Tucker writes.

The Portuguese escudo made its debut in the European Monetary System at a central rate of Ecu178.735 with a permitted divergence of six per cent above or below its central rate against other currencies.

Backed by an attractive interest rate, the Portuguese unit rose rapidly to its ceiling against sterling - still the bottom-placed currency in the EMS - in early morning trading. Three month interest rates stand at around 13 per cent in Portugal.

Early intervention by the Bank of Portugal, which bought sterling and D-marks, was followed by a cut in the bank's money market intervention rates. But the escudo remained firm and closed at DM85.86/96 after an earlier DM85.57/67. This was above DM86.30/35 - the rate before Friday's announcement that the currency was to join the EMS.

In Italy the central bank intervened to support the lira, selling D-marks and Ecus, as the first returns from Sunday's general election suggested that the ruling Christian-Democrat alliance was going to lose its majority in parliament. The Italian currency dropped against the D-mark ending at L756.20/40 from L755.10/20 on Friday.

The dollar drifted downwards in quieter trading than last week, with the high yield of the D-mark plus the crawling pace of the US recovery conspiring to keep the US currency down. It added half a pfennig to recent sharp losses in late trading as investors waited for the currency to go even lower, before buying.

Mr Nick Parsons at the Canadian Imperial Bank of Commerce said a much speedier economic recovery had been factored into the dollar, which rose 9½ per cent in the first six weeks of this year.

"The scale and speed of that movement suggest there were some very exaggerated assumptions about the pace and scale of the recovery," he said.

The US currency closed in London at DM1.6210 after a 1.6245 start and a DM1.6290 Tokyo close. It slipped to Y132.75/85 from a Y133.14/24 opening.

The Finnish markka stabilised yesterday after Friday's turmoil. It was helped by an emergency package of government spending cuts, a sharp rise in interest rates and a number of currency swap deals with European central banks.

Sterling meanwhile rested in the wings after last week's hectic trading. It weakened in the morning on the news of the escudo's entry to the EMS but later stabilised. Dealers reported a big buy order for sterling, but it had little effect on sterling's rate. The pound closed at DM2.8375 after a DM2.8386 opening.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.811	-2.86	6.16	49
Portuguese Escudo	178.735	175.453	-1.84	5.06	30
Belgian Franc	42.4032	41.9741	-1.01	4.18	38
Dutch Guilder	2.31643	2.29684	-0.85	4.01	31
D-Mark	2.05586	2.03963	-0.78	3.94	36
Irish Punt	0.767417	0.768140	0.09	3.03	-14
French Franc	6.89509	6.90924	0.21	2.92	-23
Italian Lira	1538.24	1541.85	0.23	2.89	-22
Danish Krone	7.84195	7.91828	0.97	2.13	-54
Sterling	0.696904	0.718702	3.13	0.00	-61

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Apr.6	Latest	Previous Close
£ Spot	1.7480-1.7490	1.7430-1.7440
1 month	0.92-0.90pm	0.94-0.92pm
3 months	2.85-2.82pm	2.86-2.83pm
12 months	10.1-10.0pm	10.08-9.98pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.6	Previous
8.30 am	89.9	89.9
9.00 am	89.9	89.9
10.00 am	89.9	89.9
11.00 am	89.9	89.9
Noon	90.0	90.0
1.00 pm	90.0	90.0
2.00 pm	90.0	90.0
3.00 pm	90.0	90.0
4.00 pm	90.0	90.0

CURRENCY MOVEMENTS

Apr 6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.0	-21.7
U S Dollar	64.3	-13.9
Canadian Dollar	100.9	-1.4
Austrian Schilling	107.5	+12.6
Belgian Franc	112.1	-1.5
Danish Krone	109.5	+3.4
D-Mark	119.5	+25.6
Swiss Franc	105.7	+13.6
Dutch Guilder	115.0	+16.7
French Franc	104.4	-12.0
Lira	98.8	-19.9
Yen	138.0	+71.2
Peseta	106.9	-18.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr 3

CURRENCY RATES

[illegible]

OTHER CURRENCIES

Apr 6	£	$
Iran	2500.00*	1433.00*
Korea(Sth)	1341.45 - 1363.10	771.00 - 780.20
Kuwait	0.51535 - 0.51725	0.29450 - 0.29550
Luxembourg	58.40 - 58.50	33.35 - 33.45
Malaysia	4.4840 - 4.4960	2.5700 - 2.5800
Mexico	5278.35 - 5290.10	3058.00 - 3059.00
N Zealand	3.2015 - 3.2050	1.8310 - 1.8330
Saudi Ar	6.4980 - 6.5750	3.7495 - 3.7505
Singapore	2.8800 - 2.8905	1.6475 - 1.6525
S.Af (Cm)	5.0020 - 5.0140	2.8600 - 2.8700
S.Af (Fn)	6.0085 - 6.1135	3.4365 - 3.4965
Taiwan	44.20 - 44.30	25.35 - 25.45
U.A.E.	6.3625 - 6.4395	3.6715 - 3.6735

*Floating rate. Iran Official rate £115.20 $66.70

POUND SPOT - FORWARD AGAINST THE POUND

Apr 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7430 - 1.7510	1.7500 - 1.7510	0.93-0.91cpm	6.31	2.85-2.82pm	6.48
Canada	2.0700 - 2.0790	2.0775 - 2.0785	0.64-0.60cpm	3.58	1.24-1.19pm	2.34
Netherlands	3.1900 - 3.2025	3.1900 - 3.2000	⅜-¼cpm	0.94	1-⅞pm	1.17
Belgium	58.25 - 58.50	58.40 - 58.50	7-3cpm	1.03	21-14pm	1.20
Denmark	10.9975 - 11.0150	11.0050 - 11.0150	¾-¼orepm	0.54	2⅞-1⅝pm	0.82
Ireland	1.0675 - 1.0695	1.0685 - 1.0695	0.01-0.03cdis	-0.22	0.03-0.10dis	-0.24
Germany	2.8325 - 2.8400	2.8350 - 2.8400	¼-⅛pfpm	0.79	¾-⅝pm	0.97
Portugal	241.05 - 244.00	242.60 - 243.60	131-159cdis	-7.16	366-413dis	-6.41
Spain	180.30 - 180.75	180.35 - 180.65	23-29cdis	-1.73	64-74dis	-1.53
Italy	2140.50 - 2146.75	2145.50 - 2146.50	2-4liredis	-1.68	5-8dis	-1.21
Norway	11.1400 - 11.1675	11.1450 - 11.1550	⅜-⅛orepm	0.20	1⅜-1pm	0.45
France	9.5975 - 9.6175	9.6050 - 9.6150	⅝-⅛cpm	0.55	2¼-1⅝pm	0.81
Sweden	10.2825 - 10.3175	10.2975 - 10.3075	⅜-⅞oredis	-0.66	⅞-1⅞dis	-0.53
Japan	231.75 - 232.75	231.75 - 232.75	1¼-1ypm	5.81	3⅝-3⅜pm	6.03
Austria	19.92 - 19.98	19.92 - 19.95	2¼-1⅛gropm	1.02	8¼-6¼pm	1.45
Switzerland	2.5975 - 2.6100	2.6000 - 2.6100	⅜-¼cpm	1.44	1⅛-1⅛pm	1.82
Ecu	1.3870 - 1.3910	1.3875 - 1.3885	0.10-0.04cpm	0.61	0.29-0.21pm	0.72

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.64-5.59pm. 12 Month 10.09-9.99pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7430 - 1.7510	1.7500 - 1.7510	0.93-0.91cpm	6.31	2.85-2.82pm	6.48
Ireland†	1.6310 - 1.6395	1.6370 - 1.6380	0.88-0.85cpm	6.34	2.58-2.51pm	6.22
Canada	1.1870 - 1.1895	1.1880 - 1.1890	0.26-0.28cdis	-2.73	0.84-0.87dis	-2.88
Netherlands	1.8215 - 1.8350	1.8250 - 1.8260	0.81-0.84cdis	-5.42	2.46-2.50dis	-5.43
Belgium	33.30 - 33.55	33.35 - 33.45	14.00-16.00cdis	-5.39	44.00-47.00dis	-5.45
Denmark	6.2825 - 6.3300	6.2875 - 6.2925	3.10-3.40oredis	-6.20	9.20-9.80dis	-6.04
Germany	1.6175 - 1.6325	1.6205 - 1.6215	0.74-0.75pfdis	-5.52	2.27-2.29dis	-5.63
Portugal	138.65 - 139.20	139.00 - 139.10	78-93cdis	-7.38	275-295dis	-8.20
Spain	103.00 - 103.85	103.20 - 103.30	69-72cdis	-8.19	211-219dis	-8.33
Italy	1222.50 - 1230.25	1225.75 - 1226.25	7.80-8.30liredis	-7.88	23.50-24.50dis	-7.83
Norway	6.3625 - 6.4150	6.3675 - 6.3725	3.10-3.50oredis	-6.22	9.55-10.05dis	-6.15
France	5.4825 - 5.5225	5.4875 - 5.4925	2.80-2.90cdis	-6.23	7.80-7.90dis	-5.72
Sweden	5.8725 - 5.9300	5.8825 - 5.8875	3.80-4.05oredis	-8.00	11.25-11.80dis	-7.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Apr 6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	9 - 8⅞	9 - 8⅞	9⅛ - 8⅞	8⅞ - 8⅞	8⅝ - 8⅝	8⅜ - 8⅛
D-Mark	9⅝ - 9½	9⅞ - 5⅝	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝
French Franc	9⅞ - 9⅝	9⅞ - 9⅝	10 - 9⅞	10 - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞
Italian Lira	12 - 10	12 - 11½	12⅛ - 11⅞	12⅛ - 11⅞	12⅛ - 11⅞	12⅜ - 12⅛
Belgian Franc	9⅝ - 9⅛	9⅝ - 9½	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅝	9⅞ - 9⅝
Yen	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞
Danish Krone	10⅛ - 10	10⅛ - 10	10⅛ - 10	10⅛ - 10	10⅛ - 10	10⅛ - 10
Asian $Sing	3 - 2⅞	3⅛ - 2⅞	3⅛ - 3⅛	3⅜ - 3⅛	3⅝ - 3½	4 - 3⅞
Spanish Peseta	12⅞ - 11⅞	12⅞ - 11⅞	12½ - 12⅛	12½ - 12⅛	12½ - 12⅛	12½ - 12⅜

Long term Eurodollars: two years 5⅞-5⅞ per cent; three years 6⅝-6½ per cent; four years 7⅛-6⅞ per cent; five years 7⅜-7¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.6	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.750	2.837	232.2	9.610	2.605	3.195	2146	2.078	58.45	1.388
$	0.571	1	1.621	132.7	5.491	1.489	1.826	1226	1.187	33.40	0.793
DM	0.352	0.617	1	81.85	3.387	0.918	1.126	756.4	0.732	20.60	0.489
YEN	4.307	7.537	12.22	1000.	41.39	11.22	13.76	9242	8.949	251.7	5.978
F Fr.	1.041	1.821	2.952	241.6	10.	2.711	3.325	2233	2.162	60.82	1.444
S Fr.	0.384	0.672	1.089	89.14	3.689	1	1.226	823.8	0.798	22.44	0.533
N Fl.	0.313	0.548	0.888	72.68	3.008	0.815	1	671.7	0.650	18.29	0.434
Lira	0.466	0.815	1.322	108.2	4.478	1.214	1.489	1000.	0.968	27.24	0.647
C$	0.481	0.842	1.365	111.7	4.625	1.254	1.538	1033	1	28.13	0.668
B Fr.	1.711	2.994	4.854	397.3	16.44	4.457	5.466	3672	3.555	100.	2.375
Ecu	0.720	1.261	2.044	167.3	6.924	1.877	2.302	1546	1.497	42.11	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
105	-	-	-	0.04	0.22	-
106	-	-	-	0.10	0.40	-
107	1.21	-	-	0.26	0.67	-
108	0.58	1.16	-	0.64	-	-
109	0.22	0.72	-	1.27	-	-
110	0.07	0.42	-	-	-	-
111	-	0.23	-	-	-	-
Open Int.	135,820	34,424	4,950	96,603	17,146	2,250

Estimated volume 24,933 Total Open Interest 291,193

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Lawrie	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Equatorial Bank plc	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Financial & Gen. Bank	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	First National Bank Plc	14	Provincial Bank PLC	14
Bank of Cyprus	10.5	● Robert Fleming & Co.	10.5	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	Robert Fraser & Ptnrs.	11	Royal Bk of Scotland	10.5
Bank of India	10.5	Girobank	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	● Guinness Mahon	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Hambros Bank	10.5	TSB	10.5
Barclays Bank	10.5	Hampshire Trust Plc	13.5	Unibank plc	10.5
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	● Hill Samuel	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	C. Hoare & Co.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	Hongkong & Shanghai	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Julian Hodge Bank	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Lloyds Bank	10.5		
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Rates stay firm

Quiet conditions made for another dull session in the money markets yesterday.

Rates continued to show pressure for a rise of at least half a point in the UK's base rate after the election. The key three month interbank rate began $\frac{1}{16}$ of a point firmer at 11¼-11 per cent, but eased during the day to close at 11-$\frac{15}{16}$.

Interbank dealers said investors were lending and borrowing at the very short end, reluctant to take on obligations beyond one week because of intense political uncertainty.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

Short sterling futures opened down at 88.67. But during the day the contract was squeezed as investors who left themselves short on sterling last week, scrambled to make-up the shortage. It gained 17 basis points with 30,307 lots exchanged and closed at 88.88.

The contract will open around one hour earlier on April 10, the day after the general election, to give exchange members wider access to the marketplace.

Mr Nick Parsons, head of the treasury advisory group at the Canadian Imperial Bank, said the market was beginning to see increasing value in the 9-12 month area as the idea of two elections this year, with the Conservative Party victorious in a second, October election, started to circulate in the City.

Although a definite lead for Labour emerged in the weekend's opinion polls, the results still point to either a hung parliament with Labour as the biggest party, or to a very slim Labour majority.

The market scenario according to Mr Parsons, is that given the state of public sector finance and the nervousness of the currency markets, the Labour government would probably have to raise interest rates. This unpopular measure would make it harder for them to win a second election, leaving the way open for a Conservative victory.

The June 1993 sterling contract, which opened at 89.85, closed up at 89.93.

Generally money was cheap. The Bank of England revised its initial forecast liquidity shortage from £800m to £900m in the late morning. Early assistance of £742m included £575m of band-1 bank bills, £118m of band-2 Treasury bills and £49m of band-2 bank bills, all at 10⅜ per cent. Later it provided further assistance, buying £158m band-2 bank bills. The shortage was removed before lunch. Overnight rates closed at 9⅛-9.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr 6) 3 months US dollars		6 months US Dollars	
bid 4⅛	offer 4¼	bid [illegible]	offer [illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

[illegible]

LONDON MONEY RATES

Apr 6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10⅛	10¼	10⅝	[illegible]	[illegible]	[illegible]
Interbank Bid	7	9⅝	10⅝	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	10$\frac{11}{32}$	[illegible]	[illegible]	[illegible]
Local Authority Deps.	10	10¼	10⅜	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	-	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	8	9⅝	-	[illegible]	[illegible]	[illegible]
Company Deposits	-	-	11⅝	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	11¼	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	10⅞	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	-	-	10⅞	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	-	-	-	[illegible]	[illegible]	[illegible]
Dollar CDs	-	-	4.18	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	-	-	6⅛	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	-	-	6½	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	-	-	10	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	-	-	9⅞	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 10⅜ per cent; three months [illegible] per cent; Bank Bills (sell): one-month 10⅜ per cent; three months [illegible] Average tender rate of discount 10.5407 p.c. ECGD Fixed Rate [illegible] day March 31, 1992. Agreed rates for period Apr.26, 1992 [illegible] p.c., Schemes II & III: 11.84 p.c. Reference rate for period [illegible] Scheme IV&V: 10.643 p.c. Local Authority and Finance House [illegible] days' fixed. Finance Houses Base Rate 11 from April 1, 1992 [illegible] seven days notice 4 per cent. Certificates of Tax Deposit (Series [illegible]) held under one month 7 per cent; one-three months 9¼ per cent [illegible] six-nine months 9 per cent; nine-twelve months 9 per cent; [illegible] 5,1991. Deposits withdrawn for cash 5 per cent.

LEGAL NOTICES

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
CMG HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986 that a meeting of the creditors of the above named Company will be held at Westminster Chamber of Commerce, 177 Regent Street, London W1R 8DJ on 21st April 1992 at 12.00 noon for the purposes provided for in Section 98 et seq.

A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.

Dated this 1st day of April 1992
Stephen Gordon Rigby, Director.

ART GALLERIES

RAOUL DUFY Paintings, Watercolours and Drawings. J.P.L. FINE ARTS, 28 Davies Street, London, W.1. (071 493 2930) Mon.-Fri. 10-5.30. Until May 22.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,818 Set by QUARK

ACROSS

1 The difference between claims and reality (11,3)
10 Question the children (5)
11 Is it made with a crooked hand? (5,4)
12 Pester RAF with plea for additional head cover (7)
13 Education department to match the depression (7)
14 To pamper's to harm (5)
16 Light covering's OK in plain terms (9)
19 Item of clothing – garb I laid out (9)
20 Greek character, a doctor, in good shape (5)
22 Doing Rio and Nice, as in a dream (7)
25 Former meter could be way out (7)
27 Sir's to take a tumble, we hear, when the light goes (9)
28 Power supply? With no hesitation, it's odd (5)
29 Met. Office bodies fighting for a cause? (8,6)

DOWN

2 Holder of liquid assets (9)
3 Live as Welsh in the valley (5)
4 Reverse the programme to support duke in series of changes (4,5)
5 Excess fat round one landowner (5)
6 One making statement at committee meeting (9)
7 Tree that's top class on the average in Georgia (5)
8 Pantomime character: one projecting nonsense (7)
9 Several water-birds (6)
15 Lets out bees – trail overwhelmed (9)
17 Surrendering one could show it (5,4)
18 Action on the farm seen in *March?* (9)
19 Old king to confess "No longer so young" (5,2)
21 "Extra! Extra!" (heard when going out?) (3,3)
23 Bird well below par (5)
24 Church publish abroad a University post (5)
26 Ban for cricketer coming up with ducks! (5)

Solution to Puzzle No.7,817

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · MALAYSIA · SINGAPORE

[illegible]

Price data supplied by Telekurs.

CANADA

TORONTO

3:00 pm prices April 6

Quotations in cents unless marked $

[illegible]

MONTREAL

3:00 pm prices April 6

[illegible]

INDICES

NEW YORK

DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

	NASDAQ Composite							
Amer Mkt. Value	389.22	390.48	393.15	395.04	418.99 (12/2)	389.22 (3/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	590.01	593.82	602.09	603.77	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Apr 3	Mar 27	Mar 20	year ago (approx.)
Dow Industrial Div. Yield	2.85	2.86	2.80	3.48

	Apr 1	Mar 25	Mar 18	year ago (approx.)
S & P Industrial div. yield	2.64	2.62	2.61	2.88
S & P Indl. P/E ratio	28.56	28.78	28.91	17.95

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
CMS Energy	4,103,100	15½	- ¼
AT & T	3,514,900	42	+ 1½
Pepsico	2,348,500	35	+ ¼
Homestake	1,917,100	12	- ¼
RJ Nabisco	1,865,900	9⅞	...
Bankamerica	1,786,000	40⅞	- 1⅛
Merrill Lynch	1,775,700	51	- 1½
IBM	1,720,300	81¼	- ½
GTE Corp	1,680,100	29⅞	...
Comp Assoc	1,679,400	13¼	- ⅛

TRADING ACTIVITY

† Volume Millions	Apr 3	Apr 2	Apr 1
New York SE	188.530	185.110	182.102
Amex	13.751	16.350	15.666
NASDAQ	193.926	194.636	180.172
NYSE			
Issues Traded	2,210	2,198	2,207
Rises	674	600	667
Falls	947	1,094	1,039
Unchanged	589	504	501
New Highs	12	25	22
New Lows	43	44	41

CANADA

TORONTO	Apr 3	Apr 2	Apr 1	Mar 31	1992 HIGH	1992 LOW
Metals & Minerals	2866.13	2862.69	2870.29	2890.57	3238.87 (16/1)	2862.69 (2/4)
Composite	3385.50	3395.90	3411.90	3412.10	3666.00 (16/1)	3385.50 (3/4)
MONTREAL Portfolio	1762.91	1768.15	1775.13	1768.92	1937.59 (16/1)	1762.91 (3/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and [illegible]. Toronto indices based 1975 and Montreal Portfolio 4/1/[illegible] [illegible] Utilities, Financial and Transportation. (c) Closed. (u) [illegible] European and Far Eastern indices shown in Monday's FT should [illegible] Mar 31, not as shown.

[illegible]

M.S. Capital Intl.(1/1/70) (S)	482.0*	478.9	477.5	481.2	542.10 [illegible]	[illegible]
Euro Top-100 (26/6/90)	914.83	905.21	911.26	907.62	943.20 [illegible]	[illegible]

**Saturday April 4: Taiwan Weighted Price: (c). Korea Comp Ex. 589.83.
‡ Subject to official recalculation. *Calculated at [illegible]
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., [illegible] and DAX – 1,000. JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinaries [illegible]. Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 6 April 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
TEAC	3.4m	881	+100	Clarion	2.7m	780	+36
Toshiba	3.2m	569	+11	Nippon Steel	2.4m	305	-4
Nippon Carbon	3.0m	696	+46	Mitsubishi Heavy	2.3m	574	0
Matsushita	2.7m	1,290	0	Sharp	2.2m	1,250	+30
Hitachi	2.7m	788	+14	Pioneer Elec	1.8m	3,870	+50

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:00 pm prices April 6

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	12¼	AAR Corp	0.48	3.4	16	262	14	13½	13⅞	+¼
26	20⅝	A L Labs A x	0.18	0.8	108	64	23¼	22⅝	22¾	-¼
68¾	56	AMP Inc	1.62	2.6	23	892	58¼	56⅝	58¼	+1⅝
80¼	68⅞	AMR			24	3767	71⅞	70½	71½	+⅝
2⅞	1⅞	ARX			2	918	2¼	2⅛	2⅛	
53½	43¾	ASA	2.75	6.1	13	157	45	44⅝	44⅞	-¼
68⅞	58¾	Abbott Lab	1.20	2.0	23	3171	61¼	60½	60½	-¼
13⅞	12⅛	Abitibi Pr	0.43	3.3	13	12	12⅞	12⅞	12⅞	
11⅝	10⅞	ACM Gvt In x	0.98	9.2		523	10⅞	d10¼	10⅞	-⅛
10⅞	9⅛	ACM GvOpp x	0.80	8.6		143	9⅞	9¼	9¼	-⅛
9½	8½	ACM Gvt Sp x	0.80	9.3		234	8⅞	8⅝	8⅝	
11¼	10⅛	ACM Gvt Se x	0.96	9.4		470	10¼	d10⅛	10¼	+⅛
9⅞	8⅝	ACM Man x	0.95	10.8		394	8⅞	8¾	8¾	
12⅞	10⅞	ACM Managd x	1.08	9.9		100	11	d10⅞	10⅞	-¼
11¾	7	Acme Cleve	0.40	4.0	16	313	10⅛	9⅞	9⅞	-⅛
6¼	4½	Acme Elect			4	23	5⅞	5¾	5⅞	+⅛
33¼	18⅞	Acuson			12	565	20⅞	20⅛	20⅛	-⅛
19½	16½	Adams Expr	0.48	2.6	0	121	18⅞	18⅝	18¾	-⅛
15½	13	Adobe12P1	2.40	15.5		84	u15½	14¾	15½	+1
5⅞	4½	Adobe Res			2	164	u5⅞	5	5⅞	+⅞
49¼	40½	Ad Micro	3.00	6.9		21	43⅝	43	43⅝	+⅞
21½	18½	Ad Micro P	3.00	16.2	12	4304	18½	17⅞	18½	+¼
9⅛	5	Advest Grp	0.16	2.3	29	91	7⅛	6⅞	7	+⅛
71¼	67⅛	Aegon ADR	1.50	2.2	6	2	69¾	69¾	69½	
47	39	Aetna Lf	2.78	6.4	9	1292	43⅞	42⅞	43⅞	
12	8⅞	Ahli A	0.24	2.4	70	385	10	9⅞	9⅞	-⅛
32⅞	28	Allac	0.40	1.5	14	987	26⅞	d25⅞	26⅞	+⅞
19⅞	15⅛	Ahmanson	0.88	5.4	7	696	16⅞	16⅛	16⅛	-¼
22½	15	Aileen Inc			14	107	17⅛	16½	17⅛	+⅝
46⅞	38½	Air Pr Chm	0.80	1.9	16	2358	42⅞	41⅞	42⅝	+¼

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

NASDAQ NATIONAL MARKET

3:00 pm prices April 6

[illegible]

AMEX COMPOSITE PRICES

3:00 pm prices April 6

[illegible]

FINANCIAL TIMES
Tuesday April 7 1992

AMERICA

Oils feature as Dow makes modest gains

Wall Street

US STOCKS posted slim gains yesterday morning, with most of the strength coming from the oil sector, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was 19.45 higher at 3,268.56 on moderate volume, with advancing issues outpacing declining ones by a ratio of nine to seven. Similar gains were posted by the more representative Standard & Poor's 500, which added 2.66 to 404.21 at 12.30 pm, while the Nasdaq composite of secondary stocks rose 2.74 to 592.75.

On Friday, the Dow closed at 3,249.11, up 14.99.

Among featured issues, Wal-Mart, the extremely successful Arkansas-based retail chain, climbed $⅝ to $52¼ in extremely active trading on news of the death of its founder.

Energy issues dominated big board trading. Exxon and Texaco were among the most active morning issues, adding $1½ to $57⅜ and $1⅞ to $60⅞ respectively.

Oil stocks started to rally on Friday on the back of firming oil prices and positive comments by Merrill Lynch, which estimated that prices could rise to $24 a barrel by the end of the year if uncertainties over supply from unstable regions such as the former Soviet Union and Venezuela continue.

Chevron held steady at $66⅛ in spite of reports that its Port Arthur, Texas-based oil refiner might be shut down for two weeks following an equipment failure at the 180,000 barrels-a-day operation. Among other newsworthy oil companies, Amoco added $⅞ to $44⅛ and Union Carbide firmed $⅛ to $24⅜ after fires broke out in a number of Texas City plants.

Pacific Gas and Electric slipped $¼ to $29¼, Unocal climbed $1⅛ to $22½ and oil-services company Schlumberger rose $1⅜ to $56⅛.

Among other active blue chip stocks, Philip Morris rose $⅜ to $77¾ and RJR Nabisco Holdings was unchanged at $9⅝.

Amerada Hess rose $1⅞ to $41 on unusually heavy volume after several analysts upgraded their ratings on the stock.

India Growth Fund slid $1¼ to $23¾ after the fund changed its exchange rate for translating rupees into dollar. As a result, the fund's net asset value was devalued by about 20 per cent.

Disappointing fourth quarter earnings from Circuit City Stores, an electronics retailer, depressed the company's stock, which fell $1¼ to $23¾ at midday.

In over-the-counter trading, Intel firmed $2¼ to $57, Apple Computer rose $1 to $60 and Microsoft added $2⅜ to $120¼.

Canada

MODERATE losses in bank shares, on continuing speculation over the extent of Olympia & York's debt troubles, dragged down Toronto stocks at midday. The TSE 300 composite index fell 7.0 to 3,378.6. Declines led advances by 219 to 175 in volume of 12.5m shares valued at C$133.7m.

Canadian Imperial dropped C$⅜ to C$28¼ and Royal Bank slipped C$⅛ to C$23¼. Canadian Imperial and Royal Bank are believed to have the largest exposure to O&Y.

Other banks were slightly weaker. Bank of Nova Scotia slipped C$¼ to C$20¼. Bank of Montreal fell C$⅛ to C$43¼ while Toronto Dominion, which has no loans to O&Y was flat at C$16⅛.

Home Oil, controlled by O&Y, rose C$1¼ to C$16¼, just off a 52-week high of C$16½, in volume of 159,000 shares on speculation that it was about to be sold.

● SOUTH AFRICA was closed yesterday for a public holiday and will re-open today.

EUROPE

Frankfurt and Paris start week on firmer note

SENIOR BOURSES started the week on a strong note, though Italy fell after hours as initial projections pointed to a defeat for the coalition government, *writes Our Markets Staff.*

FRANKFURT was unmoved by the swing to the far right in Sunday's two state elections. Instead, the market took heart from some encouraging economic news and stronger bond futures. The DAX index closed at its highest level in two weeks, rising 14.99 to 1,734.62, while the FAZ index, calculated at midsession, gained 3.78 to 706.02. Turnover rose to DM7.1bn from DM4.5bn.

Analysts said that a forecast by the Bundesbank's chief economist, Mr Otmar Issing, that inflation would be under 4 per cent by the end of the year lifted sentiment, since it appeared to rule out a further rise in interest rates. The wage settlement for bank employees of under 6 per cent was also well received, although analysts said that there was now pressure on other sectors to settle at that level.

Dresdner Bank, which reported better-than-expected 1991 results and forecast moderate expansion this year, rose DM1 to DM351.50. Commerzbank advanced DM3.70 to DM258.70 ahead of its results. After the close, the bank said that 1991 consolidated group operating profits would be up by one-third.

Among car makers BMW rose DM5.20 to DM586.20, Volkswagen added DM6.40 to DM375.80, and Daimler-Benz was DM7.70 stronger at DM769.00. But Porsche went against the trend closing down DM2 at DM550.

PARIS was surprisingly firm, which brokers attributed to reasonable domestic demand and a complete absence of sellers. There was also talk that UK market makers in French equities had been caught short. The CAC 40 index rose 32.04 or 1.7 per cent to 1,974.77 in modest turnover of FFr2.2bn.

Alcatel was the most active stock, rising FFr19 to FFr619, after its joint venture, GEC Alsthom, said it expects more deals in China after a consortium it led won a £550m order to build a power station in Guangdong Province.

Other gainers included Michelin up FFr6.20 or 3.8 per cent to FFr169.80 ahead of its 1991 results. On the way down was the drinks company Remy Cointreau which fell FFr8.50 or 4.5 per cent to FFr179.50 on rumours of a disappointing response to its share placing.

Perrier was one of the day's least active stocks, as it remained at FFr1,700 with 33,050 shares traded. Nestlé and Indosuez said that they now held 57.6 per cent of Perrier's shares and 66.8 per cent of the voting rights.

MILAN rose in quiet trading in the official session but share prices were later marked down on London's Seaq as an exit poll showed that the ruling four-party coalition had suffered a serious setback in the national elections. The Comit index added 2.69 to 511.59 in turnover estimated at less than Friday's L90bn.

In official trading, Fiat rose L8 to L4,823 while Generali eased L60 to L29,340. But after the poll, they fell back in London to L4,770-L4,815 and L29,000-L29,200 respectively. A market-maker in Italian equities said that prices were being marked down in the absence of any selling pressure.

San Paolo, the newly-listed bank, continued to drop, closing L14 lower at L12,201.

AMSTERDAM gained ground on strong interest in Royal Dutch which rose Fl 2.30 to Fl 145.10 as tension in the Gulf boosted the price of crude oil. The CBS Tendency Index ended up 1.0 at 125.7 in turnover of Fl 534.6m.

Reports that KLM and British Airways had resumed merger talks, later denied by the Dutch carrier, lifted its shares by Fl 1.30 to Fl 36.10.

Heineken advanced Fl 3.30 to Fl 194.50 after saying that might buy an east European brewer.

ZURICH saw insurers coming to the forefront on speculation that they might swap their participation certificates for shares later in the year. The SMI index rose 13.9 to 1,843.0.

Swiss Re bearers gained SFr120 to SFr2,630 and Zurich Insurance bearers advanced SFr50 to SFr4,220 while its registered sharers weakened SFr10 to SFr4,040.

Roche certificates rose SFr40 to SFr3,160 following Friday's strong results.

BRUSSELS closed above the day's lows as dealers squared positions on the last day of the forward market account. The Bel-20 index fell 3.90 to 1,184.65 in turnover of BFr700m. Delhaize closed down BFr130 or 1.4 per cent to BFr9,200.

MADRID eased ahead of next week's inflation data and the general index fell 1.68 to 248.87 in turnover of some Pta9bn.

STOCKHOLM rebounded from its recent weakness in spite of a rise in the marginal lending rate to 13 per cent from 11 per cent, following a large SKr22bn outflow of foreign currency from Sweden on Friday. The Affärsvärlden general index rose 7.7 to 988.2, in turnover of SKr533m after SKr409m.

Volvo rose on rumours that it would sell its car operations to Renault. The B free share jumped SKr16 to SKr427.

LISBON rose following the escudo's entry into the ERM. The BTA index added 26.2 or 1.3 per cent to 2,052.5. Mr John Ferreira at Carnegie International said foreign investors were likely to increase weightings as Portugal's positive interest rate scenario becomes more widely appreciated.

VIENNA saw the oil group OMV fall Sch42 or 4.4 per cent to Sch923 on concerns that the crisis over Libya could cut off a major source of crude. The ATX 18-share index fell 17.99 or 1.8 per cent to 980.88, its lowest close since January 27.

HELSINKI edged higher in very thin trade with attention fixed on the foreign exchange and money markets. The HEX index rose 5.5 to 806.9 in turnover of FM7.3m.

FT-SE Eurotrack 100 - Apr 6

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1149.40	1150.62	1152.49	1153.71	1154.74	1155.90	1156.23	1155.59

Day's High 1157.25 Day's Low 1149.40

Apr 3	Apr 2	Apr 1	Mar 31	Mar 30
1144.60	1149.08	1141.13	1149.80	1145.80

Base value 1000 (26/10/90).

ASIA PACIFIC

Sentiment improves in spite of further fall in Nikkei

Tokyo

LATE arbitrage-related trading pushed share prices lower at the close in dull trading, although a firmer tone in blue chip issues helped to lift sentiment, *writes Emiko Terazono in Tokyo.*

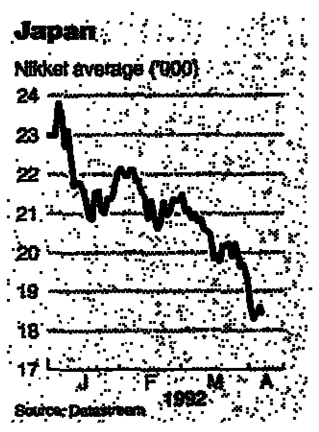
The Nikkei closed 123.34 down at 18,436.37. The index fell to the day's low of 18,376.86 in the morning, but rose to the session's high of 18,670.81 in the afternoon on bargain hunting by investment trusts and index-linked buying.

Movements were dominated by index-linked trading led by the futures markets; however, traders said other market indicators reflected a slight change in sentiment. Advances led declines by 624 to 343, with 137 issues unchanged. The Topix index of all first section stocks improved 3.96 to 1,324.61, while in London the ISE/Nikkei 50 index put on 1.27 to 1,057.88.

Volume fell to 200m shares from Friday's 350m as large institutional investors refrained from activity. Small-lot bargain hunting of international blue chips by foreigners was noted, as well as light trading by dealers.

Leading electricals firmed. Hitachi gained Y14 to Y788 and Toshiba Y11 to Y589. Nippon Telegraph and Telephone rallied Y14,000 to Y614,000.

Teac, a manufacturer of magnetic tapes, forged ahead Y100 to Y881 on hopes of a recovery in the US semiconductor market. Dealers said some brokers were targeting semiconductor related high-technology issues as a new market theme. However, Mr Dan Kerrigan at County NatWest said investors would be limited to short-term trading, since the US recovery was forecast to be limited.



Amada, a machinery maker, firmed Y10 to Y1,080. Investors were encouraged by hopes of a rise in sales since the company is a potential beneficiary of the government's plan to promote corporate investment in labour-saving machines.

Oil-related shares rose on the back of firmer crude oil prices, following an Iranian attack on a rebel base in Iraq. Teikoku Oil added Y9 at Y621 and Arabian Oil Y140 at Y4,740.

Some speculative favourites that had been heavily sold last week by investors who had bought on margin recovered on active bargain hunting. Nippon Carbon rebounded Y46 to Y696 and Clarion Y35 to Y790.

Banking issues, which also declined sharply last week, lost further ground, although dealers noted that heavy selling had subsided. Industrial Bank of Japan dipped Y20 to Y1,640 and Fuji Bank Y30 to Y1,470.

In Osaka, the OSE average retrieved 342.84 to 19,884.85 in volume of 8.6m shares, supported by light buying after seven consecutive days of decline. Defensive issues such as chemicals and pharmaceuticals gained, Ono Pharmaceutical ending Y110 up at Y4,710.

Roundup

THE Pacific Rim was mixed. Kuala Lumpur, Singapore and Bangkok were closed.

HONG KONG receded in low turnover and the Hang Seng index slipped 19.80 to 4,896.90. Turnover came to HK$1.38bn, after HK$2.18bn on Friday.

Rumours that Cheung Kong might buy assets from Olympia & York, the troubled Canadian property group, depressed its shares, which shed 30 cents to HK$20.70. Hutchison Whampoa declined 20 cents to HK$14.80 on speculation that it is planning a rights issue.

SEOUL's composite index edged up 0.19 to 590.02 in turnover of Won300.51bn, against Won251.4bn during Saturday's half-day session.

TAIWAN retreated as political tension in the National Assembly depressed sentiment. The weighted index lost 81.86 or 1.7 per cent to 4,652.10. Turnover was T$11.8bn (T$15.4bn), its lowest since October.

MANILA moved ahead as concern about violence ahead of May's presidential election eased. The composite index rose 19.66 to 1,131.43. Turnover fell to 178.9m pesos (217.7m).

AUSTRALIA rose on optimism that there would be a cut in interest rates soon. The All Ordinaries index gained 10.9 at 1,576.7 in A$163.2m turnover.

BOMBAY lost ground on widespread profit-taking amid fears that the government might intervene to cool the overheated market. The BSE index fell 175.68 or 4.2 per cent to 4,062.57.

Depressed Tokyo needs stronger medicine

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	-1.99	-3.84	-16.82	+11.19	+10.47	+2.94
Belgium	+0.17	-2.41	-4.26	+3.52	+3.48	-3.57
Denmark	-1.32	-5.63	-8.42	-7.85	-7.61	-13.90
Finland	-4.30	-7.08	-29.14	+4.31	+1.29	-5.61
France	+1.20	-0.45	+6.74	+10.66	+11.65	+4.04
Germany	+0.58	-1.76	+4.46	+9.46	+9.55	+2.09
Ireland	-4.03	-5.81	-11.46	-2.21	-2.08	-8.76
Italy	+2.76	-0.69	-12.38	+2.43	+2.81	-4.19
Netherlands	-0.05	-1.34	+3.53	+6.06	+6.21	-1.03
Norway	-0.92	-0.28	-17.02	+2.37	+1.91	-5.03
Spain	-2.73	-4.51	-9.02	+2.27	+2.04	-4.91
Sweden	-3.51	-0.86	-7.25	+8.57	+9.13	+1.69
Switzerland	-0.23	-0.02	+8.07	+8.75	+6.00	-1.24
UK	-2.73	-5.95	-6.17	-3.92	-3.92	-10.46
EUROPE	-0.97	-3.34	-2.28	+2.37	+2.37	-4.61
Australia	-0.46	-2.07	+6.48	-5.74	+2.04	-4.91
Hong Kong	-1.91	+0.27	+29.47	+15.33	+24.39	+15.91
Japan	-7.55	-12.97	-33.44	-23.33	-22.93	-28.18
Malaysia	-2.97	-1.84	-7.82	+3.80	+17.68	+9.66
New Zealand	-1.32	-4.83	+1.35	-9.18	-1.24	-7.94
Singapore	-3.37	-3.73	-6.10	-7.88	-3.42	-10.00
Canada	-0.51	-3.81	-4.41	-3.22	+0.81	-6.07
USA	-0.67	-0.84	+6.52	-3.60	+3.45	-3.60
Mexico	-4.23	-2.32	+116.43	+22.98	+31.22	+22.28
South Africa	-2.13	-1.67	+21.00	+0.68	-1.55	-8.28
WORLD INDEX	-2.62	-4.87	-8.97	-7.76	-4.64	-11.13

† Based on April 3rd 1992. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities

By Antonia Sharpe

TOKYO'S depression showed no signs of lifting at the start of the second quarter. Even the central bank's long-awaited cut in the official discount rate could not prevent Japanese equities falling by 7.6 per cent in local currency terms, on the FT-Actuaries World Indices.

The Nikkei is now languishing below 19,000, a five-year low, and there are few signs of an early recovery. In its weekly report, Nomura International says that in the worst-case scenario the Nikkei could fall to around 15,000. But the broker expects the government to prevent this happening by further fiscal stimulation of the economy.

Nomura adds that the prospect of a two-tier market is increasing, with the financial sector vulnerable to further weakness, while early cyclical stocks and good quality companies could drastically outperform the market.

The world was generally weaker, down 2.6 per cent in local currency terms. Fears of another currency devaluation depressed Finland by 4.3 per cent. This concern, coupled with a sharp increase in interest rates to stem a big rise in capital outflows, pushed down neighbouring Sweden by 3.5 per cent.

Mexico continued to be volatile as it fell back 4.2 per cent on profit-taking following the previous week's surge. The biggest corrections were to be found in Telmex, Aspasco and Tolmex. On a more positive note, volume in Mexican equities is expected to increase noticeably now that trading hours have been extended by two hours.

Last week's few winners were provided by continental Europe. Italy recovered 2.8 per cent from its 1992 low as traders squared their positions ahead of the national elections.

France gained 1.2 per cent in response to the sacking of Mrs Edith Cresson, its first female prime minister, who was replaced by Mr Pierre Bérégovoy, who was popular in his role as finance minister.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY APRIL 3 1992								THURSDAY APRIL 2 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	143.44	+0.3	121.97	120.95	121.29	124.45	+0.2	4.43	143.08	122.62	121.10	122.37	124.23	153.68	141.93	137.33
Austria (19)	171.43	+1.2	145.78	144.56	144.97	145.89	+0.6	1.99	169.44	145.21	143.42	144.92	144.95	186.70	164.69	204.00
Belgium (46)	139.19	+0.9	118.36	117.36	117.70	115.16	-0.2	5.20	138.00	118.26	116.79	118.02	115.37	145.19	136.59	142.15
Canada (115)	128.03	-0.1	108.87	107.95	108.26	110.46	-0.2	3.36	128.20	109.87	108.51	109.64	110.70	142.12	128.03	138.27
Denmark (35)	230.01	+0.4	195.59	193.96	194.50	197.79	-0.4	1.85	228.99	196.25	193.82	195.84	198.63	273.94	226.81	247.95
Finland (15)	73.64	-1.2	62.62	62.10	62.27	70.68	+0.2	2.07	74.55	63.89	63.10	63.76	70.48	89.80	73.64	124.73
France (108)	156.52	+1.2	133.10	131.98	132.34	135.34	+0.1	3.34	154.61	132.50	130.86	132.22	135.15	156.52	146.06	142.96
Germany (65)	119.78	+1.3	101.85	101.02	101.28	101.28	+0.1	2.27	118.28	101.36	100.12	101.15	101.15	122.84	114.67	111.61
Hong Kong (55)	204.42	-0.2	173.83	172.38	172.87	203.14	-0.2	3.97	204.80	175.51	173.34	175.16	203.50	210.88	176.36	156.50
Ireland (16)	153.11	+0.9	130.20	129.11	129.47	132.32	+0.2	3.86	151.78	130.08	128.47	129.81	132.10	173.71	151.78	169.34
Italy (77)	72.23	+1.0	61.42	60.90	61.07	66.24	+0.0	3.50	71.53	61.30	60.54	61.17	66.26	80.88	68.92	82.62
Japan (473)	97.54	+0.5	82.95	82.25	82.49	82.25	+0.1	1.04	97.09	83.20	82.17	83.04	82.17	140.95	97.09	143.74
Malaysia (68)	234.88	+0.0	199.73	198.05	198.61	232.96	-0.2	2.73	234.86	201.27	198.78	200.85	233.46	250.18	212.49	240.64
Mexico (18)	1701.08	-0.7	1446.52	1434.43	1438.46	5688.43	-0.8	1.06	1713.83	1468.74	1450.59	1465.72	5732.00	1789.77	1376.91	823.02
Netherland (25)	151.10	+0.5	128.49	127.42	127.78	126.31	-0.6	4.40	150.30	128.81	127.21	128.55	127.05	156.48	147.88	140.86
New Zealand (14)	43.25	+0.6	36.77	36.47	36.57	41.93	+0.1	6.55	42.99	36.85	36.39	36.77	41.91	46.52	42.99	46.83
Norway (23)	169.79	-0.3	144.38	143.17	143.58	148.18	-0.8	1.73	170.22	145.87	144.08	145.58	149.37	192.95	161.26	201.25
Singapore (38)	197.72	-1.5	168.13	166.73	167.20	151.07	-1.5	2.17	200.70	172.00	169.88	171.64	153.30	228.43	197.72	199.65
South Africa (61)	228.34	-0.2	194.17	192.54	193.08	174.51	-0.3	2.88	228.70	196.00	193.57	195.59	175.08	263.60	203.16	199.36
Spain (50)	148.73	-0.6	126.47	125.42	125.78	117.18	-1.0	5.14	149.68	128.28	126.70	128.01	118.33	160.47	148.73	162.00
Sweden (25)	184.21	-0.8	156.64	155.34	155.77	161.37	-1.6	2.80	185.63	159.08	157.12	158.76	163.92	190.37	173.09	193.45
Switzerland (60)	99.13	+0.2	84.30	83.60	83.84	91.69	-0.5	2.26	98.97	84.82	83.77	84.65	92.13	104.22	95.99	97.71
United Kingdom (228)	165.95	-0.1	141.11	139.92	140.31	141.11	-0.9	5.28	166.19	142.42	140.65	142.12	142.42	186.29	165.85	182.21
USA (523)	163.77	+0.2	139.26	138.11	138.49	163.77	+0.2	2.99	163.48	140.10	138.38	139.82	163.48	171.86	163.48	152.33
Europe (792)	140.88	+0.4	119.80	118.80	119.14	120.24	-0.5	4.05	140.31	120.25	118.76	120.01	120.81	150.58	139.31	146.07
Nordic (98)	171.61	-0.2	145.93	144.71	145.12	143.92	-0.9	2.24	171.94	147.35	145.53	147.05	145.28	188.52	170.96	187.66
Pacific Basin (717)	102.82	+0.4	87.43	86.70	86.95	87.17	+0.1	1.44	102.41	87.77	86.69	87.59	87.11	141.97	102.41	143.51
Euro-Pacific (1509)	118.25	+0.4	100.56	99.71	99.99	100.90	-0.2	2.68	117.78	100.94	99.68	100.72	101.09	145.21	117.78	144.50
North America (638)	161.52	+0.2	137.35	136.21	136.60	160.15	+0.2	3.01	161.25	138.19	136.50	137.93	159.89	169.69	161.25	151.38
Europe Ex. UK (564)	124.82	+0.8	106.14	105.28	105.58	107.69	-0.2	3.23	123.86	106.15	104.86	105.95	107.89	129.79	121.81	122.67
Pacific Ex. Japan (244)	154.83	-0.1	131.66	130.58	130.94	137.52	-0.1	3.96	154.94	132.78	131.16	132.52	137.71	158.33	149.00	139.84
World Ex. US (1703)	120.85	+0.4	102.77	101.91	102.20	103.34	-0.2	2.69	120.42	103.20	101.93	102.99	103.56	148.91	120.42	145.24
World Ex. UK (1998)	131.41	+0.3	111.75	110.82	111.13	120.02	+0.1	2.52	130.97	112.24	110.86	112.02	119.95	150.56	130.97	143.03
World Ex. So. Af. (2165)	133.80	+0.3	113.78	112.84	113.15	121.54	+0.0	2.61	133.42	114.34	112.93	114.11	121.59	153.05	133.42	146.19
World Ex. Japan (1753)	155.10	+0.2	131.89	130.80	131.18	144.66	-0.1	3.40	154.76	132.63	131.00	132.38	144.99	161.90	154.76	149.41
The World Index (2226)	134.42	+0.3	114.30	113.35	113.67	122.02	+0.0	2.81	134.04	114.87	113.45	114.64	122.07	153.70	134.04	146.52

Latest prices were unavailable for this edition.